

By: Kuempel

H.B. No. 2843

Substitute the following for H.B. No. 2843:

By: Hernandez

C.S.H.B. No. 2843

A BILL TO BE ENTITLED

1 AN ACT

2 relating to the authorization, licensing, and regulation of casino  
3 gaming and sports wagering in this state, to the creation, powers,  
4 and duties of the Texas Gaming Commission, to the support of the  
5 horse racing industry and reform of horse racing and greyhound  
6 racing, and to other provisions related to gambling; imposing and  
7 authorizing administrative and civil penalties; imposing taxes;  
8 imposing and authorizing fees; requiring occupational licenses;  
9 creating criminal offenses.

10 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF TEXAS:

11 SECTION 1. Title 13, Occupations Code, is amended by adding  
12 Subtitle E to read as follows:

13 SUBTITLE E. CASINO GAMING AND SPORTS WAGERING REGULATED BY TEXAS

14 GAMING COMMISSION

15 CHAPTER 2201. GENERAL PROVISIONS; TEXAS GAMING COMMISSION

16 SUBCHAPTER A. GENERAL PROVISIONS

17 Sec. 2201.001. DEFINITIONS. In this subtitle:

18 (1) "Active casino license" means a casino license  
19 issued by the commission that has not:

20 (A) expired without being renewed;

21 (B) been revoked; or

22 (C) been permanently surrendered.

23 (2) "Affiliate" means a person who, directly or  
24 indirectly through one or more intermediaries, controls, is

1 controlled by, or is under common control with another person. A  
2 person is considered to control a company if the person  
3 beneficially owns more than a five percent equity interest in the  
4 company under the beneficial ownership rules adopted by the  
5 commission.

6 (3) "Applicant" means a person who submits an  
7 application for a casino license, an operator license, an  
8 occupational license, a manufacturer license, a casino service  
9 license, or a qualification to hold an equity interest in a casino  
10 license holder.

11 (4) "Associated equipment" means any equipment used in  
12 connection with casino gaming or sports wagering, including a  
13 mechanical, electromechanical, or electronic contrivance,  
14 component, or machine that would not otherwise be classified as a  
15 gaming device. The term includes dice, playing cards, links  
16 connecting progressive slot machines, equipment affecting the  
17 proper reporting of gross casino gaming revenue or gross sports  
18 wagering revenue, computerized systems of betting for sports  
19 wagering, computerized systems or software for monitoring slot  
20 machines, and devices for weighing or counting money.

21 (5) "Casino" means facilities within a destination  
22 resort at which casino gaming or sports wagering is conducted for  
23 profit, as authorized by Chapters 2202 and 2203.

24 (6) "Casino gaming," "casino game," or "gambling  
25 game":

26 (A) means any game or similar activity that  
27 involves placing a bet, as defined by Section 47.01, Penal Code, for

1 consideration;

2 (B) includes, when played for consideration  
3 using money, property, checks, credit, or a representative of  
4 value:

5 (i) a banking game, percentage game, or  
6 game of chance played with cards, dice, or a mechanical,  
7 electromechanical, electronic, or other device; and

8 (ii) a game or device approved by the  
9 commission as a casino game; and

10 (C) does not include:

11 (i) placing, receiving, or otherwise  
12 knowingly transmitting a bet by a means that requires the use of the  
13 Internet, except for placing, receiving, or otherwise knowingly  
14 transmitting a bet using the Internet in connection with the play of  
15 games or devices that are offered by a casino license holder and  
16 that are played on-site at a casino;

17 (ii) playing any mechanical,  
18 electromechanical, electronic, or other device designed, made, and  
19 adapted solely for bona fide amusement purposes if the device  
20 rewards the player exclusively with noncash merchandise prizes,  
21 toys, or novelties, or a representation of value redeemable for  
22 those items, that have a wholesale value available from a single  
23 play of the game or device of not more than 10 times the amount  
24 charged to play the game or device once or \$5, whichever is less;

25 (iii) bingo authorized under Chapter 2001;

26 (iv) charitable raffles authorized under  
27 Chapter 2002;

1                   (v) the state lottery conducted under  
2 Chapter 466, Government Code;

3                   (vi) sports wagering; or

4                   (vii) the placing of a bet:

5                   (a) that occurs in a private place, as  
6 defined by Section 47.01, Penal Code;

7                   (b) in connection with which no person  
8 receives any economic benefit other than personal winnings; and

9                   (c) that, except for the advantage of  
10 skill or luck, involves risks of losing and chances of winning that  
11 are the same for all participants.

12                   (7) "Casino license" means a license issued under  
13 Section 2202.051.

14                   (8) "Casino service" means the provision of goods or  
15 services, including security service and gaming schools, to a  
16 person holding a casino license or operator license under this  
17 subtitle, other than a service requiring a manufacturer license.

18                   (9) "Casino service license" means a license issued  
19 under Section 2202.152.

20                   (10) "Commission" means the Texas Gaming Commission.

21                   (11) "Company" means a corporation, partnership,  
22 limited partnership, trust, association, joint stock company,  
23 joint venture, limited liability company, or other form of business  
24 organization. The term does not include a sole proprietorship or  
25 natural person.

26                   (12) "Credit instrument" means a writing that  
27 evidences a casino gaming debt or sports wagering debt owed to a

1 casino license holder at the time the debt is created. The term  
2 includes any writing accepted in consolidation, redemption, or  
3 payment of a prior instrument.

4 (13) "Destination resort" means a mixed-use  
5 development consisting of casino gaming facilities and a  
6 combination of various tourism amenities and facilities, including  
7 hotels, restaurants, meeting facilities, attractions,  
8 entertainment facilities, and shopping centers.

9 (14) "Director" means a member of the board of  
10 directors of a corporation or a person performing similar functions  
11 for a company that is not a corporation.

12 (15) "Education" means:

13 (A) public education;

14 (B) higher education, including the creation of a  
15 permanent fund for the benefit of higher education institutions not  
16 included in the Permanent University Fund established by Section  
17 11, Article VII, Texas Constitution; and

18 (C) adult education related to responsible  
19 gaming.

20 (16) "Equity interest" means a proprietary interest,  
21 right, or claim allowing the holder to vote on matters of  
22 organizational governance or participate in the profits and  
23 residual assets of a company, including common and preferred stock  
24 in a corporation, a general or limited partnership interest in a  
25 partnership, a similar interest in any other form of business  
26 organization, and a warrant, right, or similar interest to  
27 subscribe for a proprietary right or claim or that is convertible

1 into a proprietary right or claim, with or without the payment of  
2 additional consideration.

3 (17) "Executive director" means the executive  
4 director of the commission.

5 (18) "Gaming agreement" means an agreement authorized  
6 under Chapter 2202 or 2203 between this state and a federally  
7 recognized Indian tribe with Indian lands in this state under which  
8 this state allows the tribe to conduct limited casino gaming  
9 activities authorized under Chapter 2202 or 2203 or applicable  
10 federal law.

11 (19) "Gaming device" means a mechanical,  
12 electromechanical, or electronic contrivance, component, or  
13 machine, including a slot machine, used in connection with casino  
14 gaming or sports wagering that affects the result of a bet by  
15 determining win or loss. The term includes a system for processing  
16 information that can alter the normal criteria of random selection,  
17 affect the operation of a game, or determine the outcome of a game.

18 (20) "Gaming employee":

19 (A) means an individual directly involved in the  
20 operation or conduct of casino gaming or sports wagering in a casino  
21 performing a service in a capacity that the commission finds  
22 appropriate for occupational licensing under Section 2202.102 and  
23 includes:

24 (i) a boxman, a cashier, change personnel,  
25 counting room personnel, a dealer, a floor person, a host empowered  
26 to extend credit or complimentary services, a keno runner, a keno  
27 writer, a machine mechanic, or security personnel;

1                   (ii) a shift or pit boss or a supervisor or  
2 manager involved in casino gaming or sports wagering activities;

3                   (iii) accounting or internal auditing  
4 personnel directly involved in recordkeeping or the examination of  
5 records generated from casino gaming or sports wagering activities;  
6 and

7                   (iv) a junketeer or other independent agent  
8 whose compensation is based on the amount of money a patron wagers  
9 or loses or who is paid per patron more than the price of admission;  
10 and

11                   (B) does not include bartenders, cocktail  
12 waitresses, or other individuals engaged exclusively in preparing  
13 or serving food or beverages or individuals providing nominal or  
14 maintenance services.

15                   (21) "Gaming-related business" means any business  
16 engaged in the service or support of casino gaming or sports  
17 wagering activities regulated under this subtitle or commission  
18 rule.

19                   (22) "Gross casino gaming revenue":

20                   (A) means the total amount of the following, less  
21 the sum of all money paid as losses to patrons playing a casino  
22 game, the amounts paid to purchase from independent financial  
23 institutions annuities to fund losses paid to patrons playing a  
24 casino game, and the items deductible as losses under Section  
25 2202.253:

26                   (i) money received by a casino license  
27 holder from players playing casino games;

1                   (ii) money received by a casino license  
2 holder in payment for credit extended by the casino license holder  
3 to a patron for the purposes of casino gaming; and

4                   (iii) compensation received by a casino  
5 license holder for conducting any casino game in which the license  
6 holder is not a party to a wager; and

7                   (B) does not include:

8                   (i) counterfeit money or tokens;

9                   (ii) coins of other countries that are  
10 received in slot machines or other gaming devices;

11                   (iii) cash taken in fraudulent acts  
12 perpetrated against a casino license holder for which the license  
13 holder is not reimbursed; or

14                   (iv) cash received as entry fees for  
15 contests or tournaments in which the patrons compete for prizes.

16                   (23) "Gross sports wagering revenue":

17                   (A) means the total amount of the following, less  
18 the sum of all money paid as losses to patrons engaged in sports  
19 wagering and the amounts paid to purchase from independent  
20 financial institutions annuities to fund losses paid to patrons  
21 engaged in sports wagering:

22                   (i) money received by a license holder from  
23 patrons engaged in sports wagering;

24                   (ii) money received by a license holder in  
25 payment for credit extended by the license holder to a patron for  
26 the purposes of sports wagering; and

27                   (iii) compensation received by a license

1 holder for conducting any sports wagering in which the license  
2 holder is not a party to a wager; and

3 (B) does not include:

4 (i) counterfeit money or tokens;

5 (ii) cash taken in fraudulent acts  
6 perpetrated against a license holder for which the license holder  
7 is not reimbursed; or

8 (iii) cash received as entry fees for  
9 contests or tournaments in which the patrons compete for prizes.

10 (24) "Hearing examiner" means a person authorized by  
11 the commission to conduct hearings.

12 (25) "Indian lands" means land:

13 (A) on which gaming is permitted under the Indian  
14 Gaming Regulatory Act (Pub. L. No. 100-497); or

15 (B) that was held in trust by the United States on  
16 January 1, 1998, for the benefit of the Indian tribe pursuant to the  
17 Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of  
18 Texas Restoration Act (Pub. L. No. 100-89).

19 (26) "Institutional investor" means a person, other  
20 than a state or federal government pension plan, that meets the  
21 requirements of a qualified institutional buyer, as that term is  
22 defined by 17 C.F.R. Section 230.144A and is:

23 (A) a bank as defined by Section 3(a)(6),  
24 Securities Exchange Act of 1934 (15 U.S.C. Section 78c(a)(6));

25 (B) an insurance company as defined by Section  
26 2(a)(17), Investment Company Act of 1940 (15 U.S.C. Section  
27 80a-2(a)(17));

1           (C) an investment company registered under  
2 Section 8, Investment Company Act of 1940 (15 U.S.C. Section  
3 80a-8);

4           (D) an investment adviser registered under  
5 Section 203, Investment Advisers Act of 1940 (15 U.S.C. Section  
6 80b-3);

7           (E) a collective trust fund as described by  
8 Section 3(c)(11), Investment Company Act of 1940 (15 U.S.C. Section  
9 80a-3(c)(11));

10           (F) an employee benefit plan or pension fund that  
11 is subject to the Employee Retirement Income Security Act of 1974  
12 (29 U.S.C. Section 1001 et seq.), excluding an employee benefit  
13 plan or pension fund sponsored by a publicly traded corporation  
14 registered with the commission;

15           (G) a state or federal government pension plan;

16           (H) a group composed entirely of persons  
17 specified in Paragraphs (A)-(G); or

18           (I) any other person the commission determines  
19 for reasons consistent with the policies expressed in Section  
20 2202.001.

21           (27) "Internet" means the largest nonproprietary  
22 nonprofit cooperative public computer network, popularly known as  
23 the Internet.

24           (28) "Key executive" means a corporation's directors  
25 and executive officers, a partnership's general partners, a trust's  
26 trustee, a joint venture's managing venturers, and each person  
27 possessing similar responsibilities and authorities in any other

1 form of business organization.

2 (29) "License holder" means a person who holds a  
3 license issued by the commission.

4 (30) "Live sporting event" means:

5 (A) a football, basketball, baseball, hockey, or  
6 similar game;

7 (B) a boxing or martial arts match; or

8 (C) any other event designated by the commission.

9 (31) "Manufacturer license" means a license issued  
10 under Section 2202.151.

11 (32) "Metropolitan statistical area" means a  
12 metropolitan statistical area designated by the United States  
13 Office of Management and Budget.

14 (33) "Mixed-use development" means a developed area of  
15 land.

16 (34) "Occupational license" means a license issued  
17 under Section 2202.102.

18 (35) "Operator" means a person other than the casino  
19 license holder who contractually agrees to provide operational and  
20 managerial services on behalf of the casino license holder for the  
21 operation of any activities occurring at the casino in return for a  
22 payment based wholly or partly on profits or receipts from the  
23 conduct of casino gaming or sports wagering.

24 (36) "Operator license" means a license issued under  
25 Section 2202.101.

26 (37) "Pari-mutuel wagering" has the meaning assigned  
27 by Section 2021.003.

1           (38) "Patron" or "player" means a person who  
2 contributes any part of the consideration to play a casino game or  
3 to engage in sports wagering. For purposes of this subdivision,  
4 consideration does not include a separate fee payable in order to  
5 wager.

6           (39) "Principal manager" means a person who, as  
7 determined under commission rules, holds or exercises managerial,  
8 supervisory, or policy-making authority over the management or  
9 operation of a casino gaming or sports wagering activity or casino  
10 service that in the commission's judgment warrants the occupational  
11 licensing as a principal manager for the protection of the public  
12 interest. The term includes a key executive of a company license  
13 holder.

14           (40) "Public safety program" means a program for crime  
15 prevention and law enforcement, including a program designed to  
16 prevent and prosecute crimes involving human trafficking and money  
17 laundering.

18           (41) "Slot machine" means a casino game in which a  
19 player uses a mechanical, electromechanical, electronic, or other  
20 device that, on insertion of a coin, token, or similar object or on  
21 payment of consideration, is available to play or operate, the play  
22 or operation of which, wholly or partly by chance, may entitle the  
23 player operating the machine to receive or deliver to the player a  
24 payment for winnings in the form of cash, premiums, merchandise,  
25 tokens, or any other thing of value.

26           (42) "Sports wagering" means placing a wager on a live  
27 sporting event as authorized by this subtitle.

1           (43) "Table game" means a casino game played in a  
2 casino, including roulette, keno, twenty-one, blackjack, craps,  
3 poker, chuck-a-luck (dai shu), wheel of fortune, chemin de fer,  
4 baccarat, pai gow, and other similar casino games. The term does not  
5 include a slot machine.

6           Sec. 2201.002. APPLICATION OF SUNSET ACT. (a) The Texas  
7 Gaming Commission is subject to Chapter 325, Government Code (Texas  
8 Sunset Act). Unless continued in existence as provided by that  
9 chapter, the commission is abolished September 1, 2033.

10           (b) On the date the commission is abolished under Subsection  
11 (a), this subtitle expires.

12           Sec. 2201.003. REFERENCES TO LICENSE INCLUDE CERTIFICATE OF  
13 REGISTRATION, FINDING OF SUITABILITY, OR OTHER APPROVAL. A  
14 reference in this subtitle to a license applies to a certificate of  
15 registration, finding of suitability, or other affirmative  
16 regulatory approval provided under this subtitle or commission  
17 rule, unless otherwise expressly provided by this subtitle, another  
18 state or federal law, or commission rule.

19           Sec. 2201.004. EXEMPTION FROM TAXATION. A political  
20 subdivision of this state may not impose:

21           (1) a tax on the payment of a prize under Chapter 2202  
22 or 2203;

23           (2) a tax, fee, or other assessment on consideration  
24 paid to play a casino game or engage in sports wagering as  
25 authorized by this subtitle;

26           (3) a tax on gross casino gaming revenue or gross  
27 sports wagering revenue; or

1           (4) a tax or fee on attendance at or admission to a  
2 casino authorized by this subtitle unless specifically authorized  
3 by statute.

4           SUBCHAPTER B. TEXAS GAMING COMMISSION

5           Sec. 2201.051. COMMISSION; MEMBERSHIP. (a) The Texas  
6 Gaming Commission is composed of five qualified members appointed  
7 by the governor with the advice and consent of the senate.

8           (b) Appointments to the commission shall be made without  
9 regard to race, color, disability, sex, religion, age, or national  
10 origin.

11           Sec. 2201.052. QUALIFICATIONS OF COMMISSION MEMBERS. (a)  
12 To be eligible for appointment to the commission, a person:

13                   (1) must be a citizen of the United States;

14                   (2) must submit a financial statement that contains  
15 the information required by Chapter 572, Government Code;

16                   (3) may not have a pecuniary interest in an entity  
17 engaged in the conduct of casino gaming or sports wagering or the  
18 provision of casino services that require a casino service license,  
19 including having any security issued by that entity, or be related  
20 within the second degree by affinity or the third degree by  
21 consanguinity, as determined under Chapter 573, Government Code, to  
22 an individual who has a pecuniary interest or holds a security as  
23 described by this subdivision;

24                   (4) may not be an applicant for or holder of a license  
25 under a law administered by the commission or hold an equity  
26 interest in a casino license holder requiring qualification under  
27 Section 2202.060;

1           (5) may not be a member of the governing body of a  
2 political subdivision of this state; and

3           (6) may not hold an elective office or be an officer or  
4 official of a political party.

5           (b) Before assuming membership on the commission, a person  
6 must affirm that the person meets the qualification of this  
7 section, including that the person does not have a pecuniary  
8 interest in any business or entity, and is not conducting business  
9 with any business or entity, that holds a license for involvement in  
10 casino gaming or sports wagering.

11           Sec. 2201.053. MEMBERSHIP AND EMPLOYEE RESTRICTIONS. (a)  
12 In this section, "Texas trade association" means a cooperative and  
13 voluntarily joined association of business or professional  
14 competitors in this state designed to assist its members and its  
15 industry or profession in dealing with mutual business or  
16 professional problems and in promoting their common interest.

17           (b) A person may not be a commission member or an employee of  
18 the commission employed in a "bona fide executive, administrative,  
19 or professional capacity," as that phrase is used for purposes of  
20 establishing an exemption to the overtime provisions of the federal  
21 Fair Labor Standards Act of 1938 (29 U.S.C. Section 201 et seq.) if:

22           (1) the person is an officer, employee, manager, or  
23 paid consultant of a Texas trade association in the field of gaming;  
24 or

25           (2) the person's spouse is an officer, manager, or paid  
26 consultant of a Texas trade association in the field of gaming.

27           (c) A person may not be a commission member or act as general

1 counsel to the commission if the person is required to register as a  
2 lobbyist under Chapter 305, Government Code, because of the  
3 person's activities for compensation on behalf of a profession  
4 related to the operation of the commission.

5 Sec. 2201.054. TERMS; VACANCIES. (a) Commission members  
6 serve staggered six-year terms, with the term or terms of one or two  
7 members expiring February 1 of each odd-numbered year.

8 (b) The governor shall fill a vacancy in a position on the  
9 commission for the remainder of the unexpired term.

10 Sec. 2201.055. PRESIDING OFFICER. The governor shall  
11 designate a commission member as presiding officer of the  
12 commission to serve in that capacity at the pleasure of the  
13 governor.

14 Sec. 2201.056. MEETINGS; OFFICIAL RECORD. (a) The  
15 commission shall meet not fewer than 12 times each year.

16 (b) The commission may meet at other times at the call of the  
17 presiding officer or as provided by commission rule.

18 (c) The commission shall keep an official record of all  
19 commission meetings and proceedings.

20 Sec. 2201.057. GROUNDS FOR REMOVAL. (a) It is a ground for  
21 removal from the commission that a member:

22 (1) does not have at the time of taking office the  
23 qualifications required by Section 2201.052;

24 (2) does not maintain during service on the commission  
25 the qualifications required by Section 2201.052;

26 (3) is ineligible for membership under Section  
27 2201.053;

1           (4) cannot, because of illness or disability,  
2 discharge the member's duties for a substantial part of the member's  
3 term; or

4           (5) is absent from more than half of the regularly  
5 scheduled commission meetings that the member is eligible to attend  
6 during a calendar year without an excuse approved by a majority vote  
7 of the other commission members.

8           (b) The validity of an action of the commission is not  
9 affected by the fact that it is taken when a ground for removal of a  
10 commission member exists.

11           (c) If the executive director or a commission member has  
12 knowledge that a potential ground for removal of a commission  
13 member exists, the executive director or the commission member, as  
14 applicable, shall notify the presiding officer of the commission of  
15 the potential ground for removal. The presiding officer shall then  
16 notify the governor and the attorney general that a potential  
17 ground for removal exists. If the potential ground for removal  
18 involves the presiding officer, the executive director or the  
19 commission member, as applicable, shall notify the other commission  
20 members, the governor, and the attorney general that a potential  
21 ground for removal exists.

22           Sec. 2201.058. TRAINING. (a) A person who is appointed to  
23 and qualifies for office as a commission member may not vote,  
24 deliberate, or be counted as a member in attendance at a meeting of  
25 the commission until the person completes a training program that  
26 complies with this section.

27           (b) The training program must provide the person with

1 information regarding:

2 (1) this subtitle and other laws related to casino  
3 gaming or sports wagering or gambling regulated by the commission;

4 (2) the commission's programs, functions, rules, and  
5 budget;

6 (3) the results of the most recent formal audit of the  
7 commission;

8 (4) the requirements of laws relating to open  
9 meetings, public information, administrative procedure, and  
10 conflict of interest; and

11 (5) any applicable ethics policies adopted by the  
12 commission or the Texas Ethics Commission.

13 (c) A person appointed to the commission is entitled to  
14 reimbursement, as provided by the General Appropriations Act, for  
15 travel expenses incurred in attending the training program  
16 regardless of whether the attendance at the program occurs before  
17 or after the person qualifies for office.

18 Sec. 2201.059. QUALIFICATIONS AND STANDARDS OF CONDUCT  
19 INFORMATION. The executive director or the executive director's  
20 designee shall provide to commission members, as often as  
21 necessary, information regarding their:

22 (1) qualifications for office under this chapter; and

23 (2) responsibilities under applicable laws relating  
24 to standards of conduct for state officers.

25 Sec. 2201.060. BOND. (a) Before assuming the duties of  
26 office, a commission member must execute a bond in the amount of  
27 \$25,000 payable to the state and conditioned on the member's

1 faithful performance of the member's duties of office.

2 (b) The bond must be approved by the governor.

3 (c) The cost of the bond shall be paid by the commission.

4 Sec. 2201.061. PROHIBITION OF CERTAIN ACTIVITIES. (a) A  
5 commission member may not:

6 (1) use the member's official authority to affect the  
7 result of an election or nomination for public office; or

8 (2) directly or indirectly coerce, attempt to coerce,  
9 command, or advise a person to pay, lend, or contribute anything of  
10 value to another person for political purposes.

11 (b) A commission member or the parent, spouse, or child of a  
12 commission member may not solicit or accept employment or any  
13 financial interest or benefit from a license holder under a law  
14 administered by the commission or from an applicant for a license  
15 before the second anniversary of the date the commission member's  
16 service on the commission ends.

17 Sec. 2201.062. APPLICATION OF FINANCIAL DISCLOSURE LAW.  
18 For purposes of Chapter 572, Government Code, a commission member  
19 and the executive director are appointed officers of a major state  
20 agency.

21 Sec. 2201.063. PER DIEM; EXPENSES; SALARY. (a) A  
22 commission member is entitled to:

23 (1) a per diem in an amount prescribed by  
24 appropriation for each day spent in performing the duties of the  
25 member;

26 (2) reimbursement for actual and necessary expenses  
27 incurred in performing those duties; and

1           (3) an annual salary in an amount prescribed by  
2 appropriation.

3           (b) Reimbursement for expenses under this section is  
4 subject to any applicable limitation in the General Appropriations  
5 Act.

6           Sec. 2201.064. EXECUTIVE DIRECTOR. (a) The commission  
7 shall appoint an executive director, who serves at the pleasure of  
8 the commission.

9           (b) A person is not eligible for appointment as executive  
10 director if the person:

11           (1) holds an elective office or is an officer or  
12 official of a political party; or

13           (2) is required to register as a lobbyist under  
14 Chapter 305, Government Code, because of the person's activities  
15 for compensation on behalf of a profession related to the operation  
16 of the commission.

17           (c) The executive director must have five or more years of  
18 responsible administrative experience in public or business  
19 administration or possess broad management skills.

20           (d) The executive director may not pursue any other business  
21 or occupation or hold any other office for profit.

22           (e) The executive director must meet all eligibility  
23 requirements relating to commission members.

24           (f) The executive director is entitled to an annual salary  
25 and other compensation specified by the commission.

26           (g) The executive director or the parent, spouse, or child  
27 of the executive director may not, before the second anniversary of

1 the date the executive director's service to the commission ends,  
2 acquire a direct or indirect interest in or be employed by an entity  
3 licensed or registered by the commission in connection with the  
4 conduct of casino gaming or sports wagering or the provision of  
5 casino services in this state.

6 Sec. 2201.065. OFFICES. The commission shall maintain its  
7 primary office in Travis County and may maintain other offices the  
8 commission determines are necessary.

9 Sec. 2201.066. AUTHORITY TO SUE OR BE SUED; VENUE FOR CIVIL  
10 SUITS. (a) Subject to Section 2202.360, the commission may sue and  
11 be sued.

12 (b) Service of process in a suit against the commission may  
13 be secured by serving the executive director.

14 (c) A suit against the commission must be brought in Travis  
15 County.

16 Sec. 2201.067. AUDIT. The transactions of the commission  
17 are subject to audit by the state auditor under Chapter 321,  
18 Government Code.

19 SUBCHAPTER C. POWERS AND DUTIES OF COMMISSION; GAMBLING

20 ADMINISTRATION

21 Sec. 2201.101. GENERAL POWERS AND DUTIES. (a) The  
22 commission has broad authority and shall exercise strict control  
23 and close supervision over all activities authorized and conducted  
24 in this state under a law administered by the commission.

25 (b) The commission shall ensure that all casino games, other  
26 casino gaming activities, sports wagering, and other gambling  
27 subject to the oversight or regulatory authority of the commission

1 are conducted fairly and in compliance with the law.

2 (c) The commission also has the powers and duties granted  
3 under Chapters 2202 and 2203.

4 (d) All aspects of this subtitle and other laws administered  
5 by the commission, including those relating to licensing,  
6 qualification, execution, and enforcement, shall be administered  
7 by the executive director and the commission for the protection of  
8 the public and in the public interest.

9 (e) The commission and the executive director have full  
10 power and authority to hold hearings and, in connection with the  
11 hearings, to issue subpoenas, to compel the attendance of witnesses  
12 at any place in this state, to administer oaths, and to require  
13 testimony under oath. Any process or notice relating to a hearing  
14 may be served in the manner provided for service of process and  
15 notices in civil actions. The commission and the executive  
16 director may pay transportation and other expenses of witnesses as  
17 they consider reasonable.

18 (f) The executive director and the executive director's  
19 authorized employees may:

20 (1) inspect and examine a premises where casino  
21 gaming, sports wagering, or other gambling regulated by the  
22 commission is conducted or equipment or supplies, including an  
23 electronic or other gaming device, or associated equipment is  
24 manufactured, assembled, produced, programmed, sold, leased,  
25 marketed, distributed, repaired, or modified for use in gaming;

26 (2) for good cause, seize and remove from a premises  
27 and impound equipment or supplies for the purpose of examination

1 and inspection; and

2 (3) demand access to, inspect, examine, photocopy, or  
3 audit papers, books, and records of applicants and license holders,  
4 on their premises or elsewhere as practicable, in the presence of  
5 the applicant or license holder or the applicant's or license  
6 holder's agent, that report the gross income produced by a  
7 gaming-related business, verify the gross income, or affect other  
8 matters on the enforcement of this subtitle or other law  
9 administered by the commission.

10 (g) For the purpose of conducting audits after the cessation  
11 of the conduct of casino gaming or sports wagering by a license  
12 holder, a former license holder shall furnish, on demand of the  
13 executive director or the executive director's authorized  
14 employees, books, papers, and records as necessary to conduct the  
15 audits. The former license holder shall maintain all books,  
16 papers, and records necessary for audits until at least the third  
17 anniversary of the date the license is surrendered or revoked and  
18 is responsible for the costs incurred by the commission in the  
19 conduct of an audit under this section. If the former license  
20 holder seeks judicial review of a deficiency determination or files  
21 a petition for a redetermination, the former license holder must  
22 maintain all books, papers, and records until a final order is  
23 entered on the determination.

24 (h) The commission shall contract with at least one  
25 independent testing laboratory to scientifically test and  
26 technically evaluate casino games, gaming devices, and associated  
27 equipment for compliance with this subtitle. The independent

1 testing laboratory must have a national or international reputation  
2 of being demonstrably competent and must be qualified to  
3 scientifically test and evaluate all components of casino games,  
4 gaming devices, and associated equipment for compliance with this  
5 subtitle and to perform the functions assigned to it under this  
6 subtitle. An independent testing laboratory may not be owned or  
7 controlled by a person licensed to conduct casino games or sports  
8 wagering or to manufacture gaming devices or associated equipment.  
9 The use of an independent testing laboratory for purposes related  
10 to the conduct of casino gaming or sports wagering under this  
11 subtitle must be made from a list of at least two laboratories  
12 approved by the commission.

13 Sec. 2201.102. RULEMAKING AUTHORITY. (a) The commission  
14 shall adopt rules the commission considers necessary or desirable  
15 for the public interest in carrying out the policy and provisions of  
16 this subtitle and the other laws administered by the commission.

17 (b) The rules must prescribe:

18 (1) the method and form of applying for a license under  
19 this subtitle and for the commission's consideration of an  
20 application;

21 (2) any notice required to apply for a license under  
22 this subtitle;

23 (3) the information an applicant or license holder  
24 must provide under Chapter 2202 concerning antecedents, habits,  
25 character, associates, criminal history record information,  
26 business activities, and financial affairs;

27 (4) the criteria the commission will use in awarding,

- 1 revoking, and suspending licenses under Chapter 2202;  
2 (5) the information a license holder must provide  
3 under Chapter 2202 relating to the holder's employees;  
4 (6) the manner of and procedures for hearings  
5 conducted by the commission or a hearing examiner of the  
6 commission;  
7 (7) the payment of fees or costs by an applicant or  
8 license holder under Chapter 2202;  
9 (8) the procedures for issuance of temporary licenses  
10 and temporary qualifications to hold equity interests in a casino  
11 license holder under Chapter 2202;  
12 (9) the manner and method of collecting and paying  
13 fees and of issuing licenses;  
14 (10) the conditions under which the nonpayment of a  
15 gambling debt by a license holder constitutes grounds for  
16 disciplinary action;  
17 (11) the manner of approval of casino games, slot  
18 machines, gaming devices, and associated equipment;  
19 (12) access to confidential information obtained  
20 under this chapter, Chapter 2202, Chapter 2203, or other law and the  
21 means to ensure that the confidentiality of the information is  
22 maintained and protected;  
23 (13) financial reporting and internal control  
24 requirements for license holders;  
25 (14) the manner of computing and reporting money  
26 awarded to players, compensation from casino gaming and sports  
27 wagering, and gross casino gaming revenue and gross sports wagering

1 revenue under Chapter 2202;

2 (15) the requirements for the annual audit of the  
3 financial statements of a license holder;

4 (16) the requirements for periodic financial reports  
5 from each license holder consistent with standards and intervals  
6 prescribed by the commission;

7 (17) the procedures to be followed by a license holder  
8 for excluding a person from a casino;

9 (18) the procedures and criteria for requiring a  
10 finding of suitability under Section 2202.006; and

11 (19) the procedures and criteria for exempting a group  
12 or class of persons from the registration or qualification  
13 requirements of Chapter 2202.

14 Sec. 2201.103. AUTHORITY OF EXECUTIVE DIRECTOR. (a) With  
15 commission approval, the executive director may create executive  
16 positions as the executive director considers necessary to  
17 implement this chapter, Chapter 2202, Chapter 2203, and any other  
18 law administered by the commission.

19 (b) The executive director shall employ directors in the  
20 areas of audit, investigation, and enforcement. The audit director  
21 must be a certified public accountant, have five or more years of  
22 progressively responsible experience in general accounting, and  
23 have a comprehensive knowledge of the principles and practices of  
24 corporate finance or must possess qualifications of an expert in  
25 the field of corporate finance and auditing, general finance,  
26 gaming, and economics. Other directors must possess five or more  
27 years of training and experience in the fields of investigation,

1 law enforcement, law, or gaming.

2 (c) The executive director may investigate, for the purpose  
3 of prosecution, a suspected criminal violation of this subtitle or  
4 other laws related to casino gaming, sports wagering, or gambling  
5 regulated by the commission. For the purpose of the administration  
6 and enforcement of this subtitle or another related law, the  
7 executive director and employees designated as enforcement  
8 officers by the executive director may be commissioned as peace  
9 officers.

10 (d) The executive director, to further the objectives and  
11 purposes of this subtitle or other laws related to casino gaming,  
12 sports wagering, or gambling regulated by the commission, may:

13 (1) direct and supervise all administrative actions of  
14 the commission;

15 (2) bring legal action in the name and on behalf of the  
16 commission;

17 (3) make, execute, and effect an agreement or contract  
18 authorized by the commission;

19 (4) employ the services of persons considered  
20 necessary for consultation or investigation and set the salaries of  
21 or contract for the services of legal, professional, technical, and  
22 operational personnel and consultants, except that outside legal  
23 assistance may be retained only with the approval of the  
24 commission;

25 (5) acquire furnishings, equipment, supplies,  
26 stationery, books, and all other goods the executive director  
27 considers necessary or desirable in carrying out the executive

1 director's functions; and

2 (6) perform other duties the executive director may  
3 consider necessary to effect the purposes of this subtitle or other  
4 laws related to casino gaming, sports wagering, or gambling  
5 regulated by the commission.

6 (e) Except as otherwise provided in this subtitle, the costs  
7 of administration incurred by the executive director shall be paid  
8 in the same manner as other claims against the state are paid.

9 Sec. 2201.104. OFFICE OF HEARING EXAMINERS. (a) The  
10 commission shall create an office of hearing examiners to assist  
11 the commission in carrying out its powers and duties.

12 (b) The office of hearing examiners shall:

13 (1) hold hearings under the authority of the  
14 commission on matters relating to the commission's administration  
15 of this subtitle and other laws related to casino gaming, sports  
16 wagering, or gambling regulated by the commission as the commission  
17 orders; and

18 (2) report after a hearing in the manner prescribed by  
19 the commission.

20 (c) The commission shall refer any contested case arising  
21 under this subtitle or other laws related to casino gaming, sports  
22 wagering, or gambling regulated by the commission to the office of  
23 hearing examiners or the State Office of Administrative Hearings.

24 (d) The office of hearing examiners is independent of the  
25 executive director and is under the exclusive control of the  
26 commission.

27 (e) The office of hearing examiners is under the direction

1 of a chief hearing examiner appointed by the commission.

2 (f) The commission may authorize the chief hearing examiner  
3 to delegate to one or more hearing examiners the authority to hold  
4 any hearing called by the chief hearing examiner.

5 (g) The chief hearing examiner and each assistant hearing  
6 examiner employed by the office of hearing examiners must be an  
7 attorney licensed to practice law in this state.

8 (h) The chief hearing examiner and each assistant hearing  
9 examiner may administer oaths, receive evidence, and issue  
10 subpoenas to compel the attendance of witnesses and the production  
11 of papers and documents in all matters delegated to the office of  
12 hearing examiners by the commission.

13 (i) The chief hearing examiner and each assistant hearing  
14 examiner is entitled to an annual salary and other compensation  
15 specified by the commission.

16 (j) The office of hearing examiners may contract for  
17 additional services it considers necessary to carry out its powers.

18 Sec. 2201.105. JUDICIAL REVIEW IN CONTESTED CASES. A final  
19 decision of the commission in a contested case is subject to  
20 judicial review under Chapter 2001, Government Code. Judicial  
21 review is under the substantial evidence rule, as provided by that  
22 chapter.

23 Sec. 2201.106. RECORDS; CONFIDENTIAL INFORMATION. (a) The  
24 executive director shall maintain a file of all applications for  
25 licenses under this subtitle, together with a record of all action  
26 taken with respect to the applications.

27 (b) The commission and the executive director may maintain

1 other records considered desirable.

2 (c) The information made confidential by this section may be  
3 disclosed, wholly or partly, only:

4 (1) in the course of the necessary administration of  
5 this subtitle or in the enforcement of other laws related to casino  
6 gaming, sports wagering, or other gambling regulated by the  
7 commission;

8 (2) under Section 2202.353;

9 (3) on the order of a court; or

10 (4) as authorized under commission rule, to an  
11 authorized agent of any agency of the United States, another state,  
12 or a political subdivision of this state.

13 (d) Notice of the content of any information furnished or  
14 released under Subsection (c) may be given to any affected  
15 applicant or license holder as prescribed by commission rule.

16 (e) The following information is confidential and may not be  
17 disclosed:

18 (1) information requested by the commission or the  
19 executive director under this subtitle or another applicable law  
20 that may otherwise be obtained relating to the finances, earnings,  
21 or revenue of an applicant or license holder;

22 (2) information pertaining to an applicant's criminal  
23 history record information, antecedents, and background that has  
24 been furnished to or obtained by the commission or the executive  
25 director from any source;

26 (3) information provided to the commission or the  
27 executive director or a commission employee by a governmental

1 agency or an informer or on the assurance that the information will  
2 be held in confidence and treated as confidential;

3 (4) information obtained by the executive director or  
4 the commission from a license holder, including a casino service  
5 license holder, relating to the manufacturing, modification, or  
6 repair of gaming devices;

7 (5) security plans and procedures of the commission  
8 designed to ensure the integrity and security of the regulation and  
9 operation of casino gaming, sports wagering, or other gambling  
10 regulated by the commission;

11 (6) the street address and telephone number of a  
12 patron unless the patron has consented to the release of the  
13 information;

14 (7) information relating to all system operations of  
15 casino gaming and sports wagering, including security related to  
16 casino gaming or sports wagering, and commission plans and  
17 procedures intended to ensure the integrity and security of the  
18 operation of casino gaming, sports wagering, and other gambling  
19 regulated by the commission; and

20 (8) reports and related information filed under  
21 Section 2202.010.

22 Sec. 2201.107. REPRESENTATION BY ATTORNEY GENERAL. (a)  
23 The attorney general shall represent the commission and the  
24 executive director in any proceeding to which the commission or the  
25 executive director is a party under this subtitle or another law  
26 administered by the commission or in any suit filed against the  
27 commission or executive director.

1       (b) The office of the attorney general on request shall  
2 advise the commission and the executive director in all other  
3 matters, including representing the commission when the commission  
4 acts in its official capacity.

5       Sec. 2201.108. RULES RESTRICTING ADVERTISING OR  
6 COMPETITIVE BIDDING. (a) The commission may not adopt rules  
7 restricting advertising or competitive bidding by a person  
8 regulated by the commission except to prohibit false, misleading,  
9 or deceptive practices by that person.

10       (b) The commission may not include in its rules to prohibit  
11 false, misleading, or deceptive practices by a person regulated by  
12 the commission a rule that:

13               (1) restricts the use of any advertising medium;

14               (2) restricts the person's personal appearance or the  
15 use of the person's voice in an advertisement;

16               (3) relates to the size or duration of an  
17 advertisement by the person; or

18               (4) restricts the use of a trade name in advertising by  
19 the person.

20       Sec. 2201.109. RULES ON CONSEQUENCES OF CRIMINAL  
21 CONVICTION. (a) The commission shall adopt rules necessary to  
22 comply with Chapter 53.

23       (b) In adopting rules under this section, the commission  
24 shall list the specific offenses for which a conviction would  
25 constitute grounds for the commission to take action under Section  
26 53.021.

27       Sec. 2201.110. SUBPOENA. (a) The commission may request

1 and, if necessary, compel by subpoena:

2 (1) the attendance of a witness for examination under  
3 oath; and

4 (2) the production for inspection and copying of  
5 records and other evidence relevant to the investigation of an  
6 alleged violation of this subtitle or other laws related to casino  
7 gaming, sports wagering, or other gambling regulated by the  
8 commission.

9 (b) If a person fails to comply with a subpoena issued under  
10 this section, the commission, acting through the attorney general,  
11 may file suit to enforce the subpoena in a district court in Travis  
12 County or in the county in which a hearing conducted by the  
13 commission may be held.

14 (c) The court shall order a person to comply with the  
15 subpoena if the court determines that good cause exists for issuing  
16 the subpoena.

17 Sec. 2201.111. DIVISION OF RESPONSIBILITIES. The  
18 commission shall develop and implement policies that clearly  
19 separate the policy-making responsibilities of the commission and  
20 the management responsibilities of the executive director and the  
21 staff of the commission.

22 Sec. 2201.112. USE OF TECHNOLOGY. The commission shall  
23 implement a policy requiring the commission to use appropriate  
24 technological solutions to improve the commission's ability to  
25 perform its functions. The policy must ensure that the public is  
26 able to interact with the commission through the commission's  
27 Internet website.

1       Sec. 2201.113. NEGOTIATED RULEMAKING AND ALTERNATIVE  
2 DISPUTE RESOLUTION POLICY. (a) The commission shall develop and  
3 implement a policy to encourage the use of:

4           (1) negotiated rulemaking procedures under Chapter  
5 2008, Government Code, for the adoption of commission rules; and

6           (2) appropriate alternative dispute resolution  
7 procedures under Chapter 2009, Government Code, to assist in the  
8 resolution of internal and external disputes under the commission's  
9 jurisdiction.

10       (b) The commission's procedures relating to alternative  
11 dispute resolution must conform, to the extent possible, to any  
12 model guidelines issued by the State Office of Administrative  
13 Hearings for the use of alternative dispute resolution by state  
14 agencies.

15       (c) The commission shall designate an appropriately  
16 qualified person to:

17           (1) coordinate the implementation of the policy  
18 adopted under Subsection (a);

19           (2) serve as a resource for any training needed to  
20 implement the procedures for negotiated rulemaking or alternative  
21 dispute resolution; and

22           (3) collect data concerning the effectiveness of those  
23 procedures, as implemented by the commission.

24       Sec. 2201.114. COMMITTEES. The commission may appoint  
25 committees that it considers necessary to carry out its duties.

26       Sec. 2201.115. CONTRACT AUTHORITY. (a) The commission and  
27 executive director have broad authority and shall exercise strict

1 control and close supervision over casino gaming and sports  
2 wagering conducted in this state to promote and ensure integrity,  
3 security, honesty, and fairness in the operation and administration  
4 of casino gaming and sports wagering under this subtitle.

5 (b) The executive director may contract with a third party  
6 to perform a function, activity, or service in connection with the  
7 operation of casino gaming or sports wagering under this subtitle,  
8 other than investigative services, as prescribed by the executive  
9 director. A contract relating to the operation of casino gaming or  
10 sports wagering must be consistent with this subtitle.

11 (c) The executive director may award a contract for  
12 supplies, equipment, or services, including a contract under  
13 Subsection (b), pending the completion of any investigation and  
14 license required by this subtitle. A contract awarded under this  
15 subsection must include a provision permitting the executive  
16 director to terminate the contract without penalty if the  
17 investigation reveals that the person to whom the contract is  
18 awarded does not satisfy the applicable requirements for a license  
19 under this subtitle.

20 (d) In the acquisition or provision of facilities,  
21 supplies, equipment, materials, or services related to the  
22 implementation of casino gaming or sports wagering under this  
23 subtitle, the commission must comply with procurement procedures  
24 prescribed under Subtitle D, Title 10, Government Code.

25 Sec. 2201.116. INVESTIGATIONS AND ENFORCEMENT. (a) A  
26 violation or alleged violation of this subtitle or of the penal laws  
27 of this state by the commission, its employees, or a person

1 regulated under this subtitle may be investigated by the attorney  
2 general, the district attorney for Travis County, or a district  
3 attorney, criminal district attorney, or county attorney for the  
4 county in which the violation or alleged violation occurred.

5 (b) The commission may investigate violations of this  
6 subtitle, rules adopted under this subtitle, or other laws related  
7 to casino gaming, sports wagering, or other gambling regulated by  
8 the commission and may file a complaint requesting that an  
9 investigation be conducted in accordance with Subsection (a).

10 Sec. 2201.117. SECURITY. (a) The executive director shall  
11 maintain a department of security in the commission. The executive  
12 director shall appoint a deputy to administer the department. The  
13 deputy must be qualified by training and experience in law  
14 enforcement or security to supervise, direct, and administer the  
15 activities of the department.

16 (b) The executive director may employ security officers or  
17 investigators as the executive director considers necessary and may  
18 commission investigators or security officers as peace officers.  
19 The deputy and all investigators employed by the department of  
20 security and commissioned as peace officers must meet the  
21 requirements under Chapter 1701 for employment and commission as  
22 peace officers.

23 (c) A security officer or investigator employed by the  
24 department of security and commissioned as a peace officer or a  
25 peace officer who is working in conjunction with the commission or  
26 the Department of Public Safety in the enforcement of this subtitle  
27 may:

1           (1) without a search warrant, search and seize a  
2 gaming device or associated equipment that is located on premises  
3 for which a person holds a license issued under this subtitle; or

4           (2) seize a gaming device or associated equipment that  
5 is being used or is in the possession of any person in violation of  
6 this subtitle or other laws related to casino gaming, sports  
7 wagering, or other gambling regulated by the commission.

8           (d) The Department of Public Safety or any other state or  
9 local law enforcement agency, at the commission's request and in  
10 accordance with an interagency agreement, shall perform a full  
11 criminal history record information and background investigation  
12 of a prospective deputy or investigator of the department of  
13 security of the commission. The commission shall reimburse the  
14 agency for the actual costs of an investigation.

15           (e) At least once every two years, the executive director  
16 shall employ an independent firm that is experienced in security,  
17 including computer security and systems security, to conduct a  
18 comprehensive study of all aspects of casino gaming and sports  
19 wagering security.

20           Sec. 2201.118. PROHIBITED GAMBLING GAMES. (a) Except as  
21 specifically provided by this subtitle or other law, the executive  
22 director or any other person may not establish or operate a gambling  
23 game in which the winner is chosen on the basis of the outcome of a  
24 live sporting event.

25           (b) Except as provided by Chapter 2001 or this subtitle, the  
26 operation of any game using a slot machine or other gaming device is  
27 prohibited.

1 Sec. 2201.119. DEPARTMENT OF PUBLIC SAFETY RECORDS. (a)

2 Except as otherwise provided by this subtitle, all files, records,  
3 information, compilations, documents, photographs, reports,  
4 summaries, and reviews of information and related matters  
5 collected, retained, or compiled by the Department of Public Safety  
6 in the discharge of its duties under this subtitle are confidential  
7 and are not subject to public disclosure.

8 (b) An investigation report or other document submitted by  
9 the Department of Public Safety to the commission becomes part of  
10 the investigative files of the commission.

11 (c) Information that is made available to the public is not  
12 privileged or confidential under this section and is subject to  
13 public disclosure.

14 Sec. 2201.120. CRIMINAL BACKGROUND INVESTIGATION FOR

15 CASINO GAMING OR SPORTS WAGERING. (a) The commission is entitled  
16 to conduct an investigation of and is entitled to obtain criminal  
17 history record information maintained by the Department of Public  
18 Safety, the Federal Bureau of Investigation Identification  
19 Division, or another law enforcement agency to assist in the  
20 criminal background investigation of any person directly involved  
21 with casino gaming, sports wagering, or other gambling regulated  
22 under this subtitle.

23 (b) Except as otherwise provided by this subtitle, a  
24 criminal background investigation is governed by commission rules  
25 adopted under this chapter.

26 (c) The Department of Public Safety or a state or local law  
27 enforcement agency in this state, in accordance with an interagency

1 agreement with the commission, shall provide any assistance  
2 requested by the commission in the administration and enforcement  
3 of this subtitle, including conducting criminal background  
4 investigations of a person seeking a license required under this  
5 subtitle or of any person required to be named in an application for  
6 a license under this subtitle.

7 (d) This section does not limit the commission's right to  
8 obtain criminal history record information from any other local,  
9 state, or federal agency. The commission may enter into a  
10 confidentiality agreement with the agency as necessary and proper.

11 (e) Except as otherwise provided by this subtitle or other  
12 law, criminal history record information obtained by the commission  
13 under this section may be disclosed only:

14 (1) to another law enforcement agency to assist in or  
15 further an investigation related to the commission's operation and  
16 oversight of gaming; or

17 (2) under a court order.

18 Sec. 2201.121. PLAYER AGREEMENT TO ABIDE BY RULES AND  
19 INSTRUCTIONS. By participating as a player, a player agrees to  
20 abide by and be bound by the commission's and the license holder's  
21 rules and instructions, including the rules or instructions  
22 applicable to the particular casino game or sports wagering  
23 involved. The player also agrees that the determination of whether  
24 the player is a valid winner is subject to:

25 (1) the commission's and the license holder's rules,  
26 instructions, and claims procedures, including those developed for  
27 the particular casino game or sports wagering involved;

1           (2) any validation tests established by the commission  
2 for the particular casino game or sports wagering involved; and  
3           (3) the limitations and other provisions prescribed by  
4 this subtitle.

5           Sec. 2201.122. VENUE FOR CRIMINAL PROCEEDING. Venue is  
6 proper in Travis County or any county in which venue is proper under  
7 Chapter 13, Code of Criminal Procedure, for:

8           (1) an offense under this subtitle;  
9           (2) an offense under the Penal Code, if the accused:  
10           (A) is regulated under this subtitle; and  
11           (B) is alleged to have committed the offense  
12 while engaged in casino gaming or sports wagering activities; or  
13           (3) an offense under Title 7 or 11, Penal Code, that  
14 involves property consisting of or including a gaming device or  
15 casino game prize.

16           SUBCHAPTER D. PUBLIC PARTICIPATION AND COMPLAINT PROCEDURES

17           Sec. 2201.151. PUBLIC INTEREST INFORMATION. (a) The  
18 commission shall prepare and disseminate consumer information that  
19 describes the regulatory functions of the commission and the  
20 procedures by which consumer complaints are filed with and resolved  
21 by the commission.

22           (b) The commission shall make the information available to  
23 the public and appropriate state agencies.

24           Sec. 2201.152. COMPLAINTS. (a) The commission by rule  
25 shall establish methods by which consumers and service recipients  
26 are notified of the name, mailing address, telephone number, and  
27 other contact information of the commission for the purpose of

1 directing complaints to the commission. The commission may provide  
2 for that notice:

3 (1) on each form, application, or written contract for  
4 services of a person regulated under a law administered by the  
5 commission;

6 (2) on a sign prominently displayed in the place of  
7 business of each person regulated under a law administered by the  
8 commission; or

9 (3) in a bill for service provided by a person  
10 regulated under this subtitle.

11 (b) The commission shall list with its regular telephone  
12 number any toll-free telephone number established under other state  
13 law that may be called to present a complaint about a person  
14 regulated under this subtitle.

15 Sec. 2201.153. RECORDS OF COMPLAINTS. (a) The commission  
16 shall maintain a system to promptly and efficiently act on  
17 complaints filed with the commission. The commission shall  
18 maintain:

19 (1) information about the parties to the complaint and  
20 the subject matter of the complaint;

21 (2) a summary of the results of the review or  
22 investigation of the complaint; and

23 (3) information about the disposition of the  
24 complaint.

25 (b) The commission shall make information available  
26 describing its procedures for complaint investigation and  
27 resolution.

1       (c) The commission shall periodically notify the parties of  
2 the status of the complaint until final disposition of the  
3 complaint.

4       Sec. 2201.154. GENERAL RULES REGARDING COMPLAINT  
5 INVESTIGATION AND DISPOSITION. The commission shall adopt rules  
6 concerning the investigation of a complaint filed with the  
7 commission. The rules must:

8           (1) distinguish between categories of complaints;

9           (2) ensure that complaints are not dismissed without  
10 appropriate consideration;

11          (3) require that the commission be advised of a  
12 complaint that is dismissed and that a letter be sent to the person  
13 who filed the complaint explaining the action taken on the  
14 dismissed complaint;

15          (4) ensure that the person who files a complaint has an  
16 opportunity to explain the allegations made in the complaint; and

17          (5) prescribe guidelines concerning the categories of  
18 complaints that require the use of a private investigator and the  
19 procedures for the commission to obtain the services of a private  
20 investigator.

21       Sec. 2201.155. DISPOSITION OF COMPLAINT. (a) The  
22 commission shall:

23           (1) dispose of each complaint in a timely manner; and

24           (2) establish a schedule for conducting each phase of  
25 a complaint that is under the control of the commission not later  
26 than the 30th day after the date the commission receives the  
27 complaint.

1       (b) Each party shall be notified of the projected time  
2 requirements for pursuing the complaint. The commission shall  
3 notify each party to the complaint of any change in the schedule  
4 established under Subsection (a)(2) not later than the seventh day  
5 after the date the change is made.

6       (c) The executive director shall notify the commission of a  
7 complaint that is not resolved within the time prescribed by the  
8 commission for resolving the complaint.

9       Sec. 2201.156. PUBLIC PARTICIPATION. (a) The commission  
10 shall develop and implement policies that provide the public with a  
11 reasonable opportunity to appear before the commission and to speak  
12 on any issue under the commission's jurisdiction.

13       (b) The commission shall prepare and maintain a written plan  
14 that describes the manner in which a person who does not speak  
15 English may be provided reasonable access to the commission's  
16 programs.

17       Sec. 2201.157. INFORMAL SETTLEMENT CONFERENCE. The  
18 commission by rule shall establish procedures for an informal  
19 settlement conference related to a complaint filed with the  
20 commission.

21       CHAPTER 2202. CASINO GAMING AND SPORTS WAGERING

22               SUBCHAPTER A. GENERAL PROVISIONS

23       Sec. 2202.001. REGULATION AND LICENSING OF CASINO GAMING  
24 AND SPORTS WAGERING; PUBLIC POLICY. (a) All casino gaming and  
25 sports wagering that is conducted in this state and that is  
26 authorized by law shall be regulated and licensed under this  
27 chapter, unless federal law or another state law specifically

1 provides otherwise.

2 (b) The legislature hereby finds, and declares it to be the  
3 public policy of this state, that:

4 (1) the development of regulated casino gaming and  
5 sports wagering at a limited number of destination resorts in this  
6 state will benefit the general welfare of the people of this state  
7 by enhancing investment, economic development, and tourism in this  
8 state, resulting in thousands of new jobs and significant  
9 additional revenue to this state for essential services;

10 (2) the conduct of regulated casino gaming or sports  
11 wagering by adults at a limited number of destination resorts and on  
12 Indian lands will not harm the welfare of this state;

13 (3) the regulation of casino gaming and sports  
14 wagering in this state is important to ensure that casino gaming and  
15 sports wagering is:

16 (A) conducted honestly and competitively; and

17 (B) free from criminal and corruptive elements;

18 (4) public confidence and trust can be maintained only  
19 by strict regulation of all persons, locations, practices,  
20 associations, and activities related to the conduct of casino  
21 gaming, the casino service industry, and the conduct of sports  
22 wagering;

23 (5) persons owning any direct or indirect material  
24 interest in a casino should be licensed and controlled to protect  
25 the public health, safety, morals, good order, and general welfare  
26 of the people of this state;

27 (6) certain operators and employees of casinos should

1 be regulated, licensed, and controlled to accomplish and promote  
2 these public policies while protecting the public health, safety,  
3 morals, good order, and general welfare of the people of this state;

4 (7) certain persons engaging in the casino service  
5 industry should be regulated, licensed, and controlled to  
6 accomplish and promote these public policies while protecting the  
7 public health, safety, morals, good order, and general welfare of  
8 the people of this state; and

9 (8) it is the intent of the legislature that the  
10 resources, goods, labor, and services of the people of this state be  
11 used, where possible, in the operation and construction of  
12 destination resorts, casinos, and related amenities to the extent  
13 allowable by law.

14 Sec. 2202.002. EXEMPTION FROM FEDERAL STATUTE. (a) This  
15 chapter provides an exemption to the application of 15 U.S.C.  
16 Section 1172, in accordance with that section.

17 (b) All shipments of gaming devices into this state,  
18 including slot machines, conducted in compliance with the  
19 applicable provisions of 15 U.S.C. Sections 1173 and 1174 are legal  
20 shipments of the devices into this state.

21 Sec. 2202.003. CONSTRUCTION; APPLICABILITY OF OTHER LAWS.

22 (a) Nothing in this chapter may be construed to implicitly repeal  
23 or modify existing state laws with respect to gambling, except that  
24 casino gaming and sports wagering are not prohibited by another law  
25 if conducted as authorized under this chapter.

26 (b) To the extent of any conflict between Chapter 2003,  
27 Government Code, and this chapter or a commission rule governing

1 casino gaming or sports wagering, this chapter or the commission  
2 rule prevails in all matters related to casino gaming or sports  
3 wagering, including in connection with hearings before the State  
4 Office of Administrative Hearings.

5 (c) This chapter prevails to the extent of any conflict  
6 between this chapter and a provision of Subtitle A-1 (Texas Racing  
7 Act).

8 Sec. 2202.004. AUTHORITY TO IMPLEMENT CASINO GAMING AND  
9 SPORTS WAGERING. (a) The commission may implement casino gaming  
10 and sports wagering in accordance with this subtitle.

11 (b) The commission shall allow the operation of limited  
12 casino gaming or sports wagering under this subtitle at locations  
13 on Indian lands in accordance with an effective gaming agreement  
14 and in compliance with applicable federal law.

15 Sec. 2202.005. IMMUNITY FOR STATEMENT MADE IN PROCEEDING OR  
16 INVESTIGATION. Any member or agent of the commission or any witness  
17 testifying under oath has absolute privilege for any written or  
18 oral statement made in the course of and relevant to the purpose of  
19 an official commission proceeding or investigative activity  
20 related to commission licensing under this chapter. A written or  
21 oral statement described by this section does not impose liability  
22 for defamation or constitute a ground for recovery in any civil  
23 action.

24 Sec. 2202.006. FINDING OF SUITABILITY. To promote the  
25 integrity and security of casino gaming and sports wagering under  
26 this subtitle, the commission in its discretion may require a  
27 finding of suitability for any person conducting business with or

1 in relation to the operation of casino gaming or sports wagering who  
2 is not otherwise required to obtain a license from the commission  
3 for the person's gaming-related operations.

4 Sec. 2202.007. CONSENT TO COMMISSION DETERMINATION. (a)

5 An application for a license under this chapter constitutes a  
6 request to the commission for a decision on the applicant's general  
7 suitability, character, integrity, and ability to participate or  
8 engage in or be associated with casino gaming or sports wagering  
9 under this chapter in the manner or position sought.

10 (b) By filing an application with the commission, the  
11 applicant specifically consents to the commission's determination  
12 if the application, after filing, becomes moot for any reason other  
13 than death.

14 Sec. 2202.008. LICENSE AS REVOCABLE PERSONAL PRIVILEGE.

15 (a) An applicant for a license under this chapter does not have any  
16 right to the license sought.

17 (b) Any license issued under this chapter is a revocable  
18 privilege and not a right or property under the United States  
19 Constitution or the Texas Constitution. An applicant or license  
20 holder does not acquire any vested right in or under the privilege.

21 (c) The courts of this state have jurisdiction to review a  
22 decision to deny, limit, or condition a casino license under  
23 Section 2202.357 or if judicial review is sought on the ground that  
24 the denial, limitation, or condition violates the Texas  
25 Constitution or is based on a suspect classification, such as race,  
26 color, religion, sex, or national origin, in violation of the Equal  
27 Protection Clause of the Fourteenth Amendment to the United States

1 Constitution. The state court must affirm the commission's action  
2 unless the violation is proven by clear and convincing evidence.

3 (d) A license issued or renewed under this chapter may not  
4 be transferred or assigned to another person unless approved in  
5 advance by the commission, and a license may not be pledged as  
6 collateral. The purchaser or successor of a license holder must  
7 independently qualify for a license required by this chapter.

8 (e) The following acts are void unless approved by the  
9 commission before the act occurs or not later than the 60th day  
10 after the date the act occurs:

11 (1) the transfer, sale, or other disposition of an  
12 interest in the license holder that results in a change in the  
13 identity of an equity interest holder requiring qualification under  
14 Section 2202.060; or

15 (2) the sale of the assets of the license holder, other  
16 than assets bought and sold in the ordinary course of business, or  
17 any interest in the assets, to any person not already determined to  
18 have met the applicable qualifications of this chapter.

19 Sec. 2202.009. PRIZE RULES, PAYMENT, AND REDEMPTION. (a)  
20 The payment of prizes is the sole and exclusive responsibility of  
21 the casino license holder or operator license holder. A prize may  
22 not be paid by the commission or this state except as otherwise  
23 authorized.

24 (b) Nothing in this chapter limits the ability of a casino  
25 license holder or operator license holder to provide promotional  
26 prizes, including wide area progressive networks, in addition to  
27 prize payouts regulated by the commission.

1 (c) The commission shall enact rules consistent with this  
2 section governing the use and redemption of prizes and credits  
3 recorded on player account records, such as players' club cards and  
4 smart cards.

5 Sec. 2202.010. REPORT ON LITIGATION. (a) A casino license  
6 holder or operator license holder shall report to the commission  
7 any litigation relating to casino gaming or sports wagering  
8 operations, including a criminal proceeding, a proceeding  
9 involving an issue related to pari-mutuel activities that impact  
10 casino gaming or sports wagering operations, or a matter related to  
11 character or reputation relevant to a person's suitability under  
12 this chapter.

13 (b) The report required under Subsection (a) must be filed  
14 not later than the 30th day after the date the license holder  
15 acquires knowledge of the litigation.

16 Sec. 2202.011. COMMISSION APPROVAL REQUIRED FOR PROCEDURES  
17 AND ADMINISTRATIVE AND ACCOUNTING CONTROLS. (a) The commission's  
18 or executive director's approval is required for all internal  
19 procedures and administrative and accounting controls of a casino  
20 license holder or operator license holder.

21 (b) The commission by rule shall establish general  
22 accounting and auditing requirements and internal control  
23 standards for the conduct of casino gaming and sports wagering at  
24 casinos.

25 Sec. 2202.012. GAMING EMPLOYEE REPORTING. (a) In this  
26 section, "employee" includes any person connected directly with or  
27 compensated by an applicant or license holder as an agent, personal

1 representative, consultant, or independent contractor.

2 (b) On or before the 15th day of each month, a casino or  
3 operator license holder shall submit to the commission a gaming  
4 employee report for the casino operated by the owner or operator.  
5 For each gaming employee, the report must provide the employee's  
6 name, job title, date of birth, and social security number.

7 (c) The gaming employee report is confidential and may not  
8 be disclosed except under commission order or in accordance with  
9 this subtitle.

10 (d) The commission may conduct criminal history background  
11 investigations of gaming employees.

12 (e) The commission may prohibit an employee from performing  
13 any act relating to gaming if the commission finds that an employee  
14 has:

15 (1) committed, attempted, or conspired to commit any  
16 act prohibited by this chapter;

17 (2) concealed or refused to disclose any material fact  
18 in any commission investigation;

19 (3) committed, attempted, or conspired to commit an  
20 offense involving or related to larceny or embezzlement;

21 (4) been convicted in any jurisdiction of an offense  
22 involving or relating to gambling;

23 (5) accepted employment and continued to be employed  
24 in a position for which commission approval is required after  
25 commission approval was denied for a reason involving personal  
26 unsuitability or after failing to apply for approval on commission  
27 request;

1           (6) been prohibited under color of governmental  
2 authority from being present on the premises of any casino or any  
3 establishment where casino gaming, sports wagering, or pari-mutuel  
4 wagering is conducted for any reason relating to improper gambling  
5 activity or other illegal acts;

6           (7) wilfully defied any legislative investigative  
7 committee or other officially constituted body acting on behalf of  
8 the United States or any state, county, or municipality that sought  
9 to investigate alleged or potential crimes relating to gambling,  
10 corruption of public officials, or any organized criminal  
11 activities; or

12           (8) been convicted of any felony or any crime  
13 involving moral turpitude.

14           (f) The commission may prohibit an employee from performing  
15 any act relating to casino gaming or sports wagering based on a  
16 revocation or suspension of any casino gaming, sports wagering, or  
17 pari-mutuel wagering license or for any other reason the commission  
18 finds appropriate, including a refusal by a regulatory authority to  
19 issue a license for the employee to engage in or be involved with  
20 casino gaming, sports wagering, or with other regulated gaming or  
21 pari-mutuel wagering in any jurisdiction.

22           Sec. 2202.013. REPORT OF VIOLATIONS. A person who holds a  
23 license under this chapter shall immediately report a violation or  
24 suspected violation of this chapter or a rule adopted under this  
25 chapter by any license holder, by an employee of a license holder,  
26 or by any person on the premises of a casino, whether or not  
27 associated with the license holder.

1       Sec. 2202.014. INDEMNIFICATION, INSURANCE, AND BONDING  
2 REQUIREMENTS. (a) A license holder shall indemnify and hold  
3 harmless this state, the commission, and all officers and employees  
4 of this state and the commission from any and all claims which may  
5 be asserted against a license holder, the commission, this state,  
6 and the members, officers, employees, and authorized agents of this  
7 state or the commission arising from the license holder's  
8 participation in casino gaming or sports wagering authorized under  
9 this subtitle.

10       (b) Surety and insurance required under this chapter may  
11 only be issued by companies or financial institutions financially  
12 rated "A-" or better as rated by AM Best Company or another rating  
13 organization designated by the commission and duly licensed,  
14 admitted, and authorized to conduct business in this state, or by  
15 other surety approved by the commission.

16       (c) The commission shall be named as the obligee in each  
17 required surety and as an additional insured in each required  
18 insurance contract.

19       (d) A casino license holder or operator license holder may  
20 not be self-insured with regard to gaming operations under this  
21 section in excess of \$50 million per occurrence.

22       (e) The commission by rule shall establish minimum  
23 insurance coverage requirements for license holders under this  
24 chapter, including:

25           (1) crime or fidelity insurance against losses caused  
26 by fraudulent or dishonest acts by an officer or employee of the  
27 license holder;

1           (2) commercial general liability insurance;

2           (3) property insurance; and

3           (4) business auto liability insurance.

4           Sec. 2202.015. LIABILITY FOR CREDIT AWARDED OR DENIED.

5   This state and the commission are not liable for any gaming device  
6   malfunction or error occurring at a casino that causes credit to be  
7   wrongfully awarded or denied to players.

8                   SUBCHAPTER B. CASINO LICENSE

9           Sec. 2202.051. CASINO LICENSE; LIMITED NUMBER; LOCATIONS.

10 (a) Casino gaming and sports wagering may be lawfully conducted in  
11 a casino operating under a casino license. The commission shall  
12 issue casino licenses as required and limited by the Texas  
13 Constitution.

14           (b) A person may not own an equity interest in a casino at  
15 which casino gaming, sports wagering, or other gambling is  
16 conducted in this state unless the casino is operating under a  
17 casino license issued for the conduct of gambling at that casino.

18           (c) A separate casino license must be obtained for each  
19 casino conducting casino gaming, sports wagering, or other gambling  
20 regulated by the commission. The commission may not issue a casino  
21 license if issuing the license would cause the number of active  
22 casino licenses to exceed a limit on the number of active casino  
23 licenses established by the Texas Constitution or this subtitle.

24           (d) The commission may not issue a casino license for a  
25 casino located outside of an area authorized under the Texas  
26 Constitution or this subtitle for a casino location.

27           (e) The commission may issue a temporary license

1 authorizing the casino license holder to temporarily conduct casino  
2 gaming and sports wagering in accordance with commission rules at a  
3 location within 20 miles of the location for which the casino  
4 license was issued. A temporary license issued under this  
5 subsection must expire not later than the first anniversary of the  
6 date the temporary license is issued.

7 (f) For purposes of determining a casino's location, a  
8 casino is considered to be located in the county in which is located  
9 the main public entrance to the casino.

10 Sec. 2202.052. APPLICATION. (a) A person may apply for a  
11 casino license by submitting in accordance with commission rules an  
12 application containing information the commission finds necessary  
13 to determine:

14 (1) the suitability and eligibility of the applicant;  
15 (2) the eligibility of the proposed location; and  
16 (3) the economic impact of the overall destination  
17 resort or casino project.

18 (b) In addition to any other information the commission may  
19 require, an application must include the following information  
20 concerning the feasibility of the overall destination:

21 (1) evidence that the applicant possesses, or has the  
22 right to acquire, sufficient real property on which the proposed  
23 destination resort will be located that accommodates the  
24 applicant's construction and operation of the destination resort  
25 substantially as proposed;

26 (2) evidence that the applicant will meet, and a  
27 specific schedule for meeting, all requirements established by the

1 Texas Constitution to conduct casino gaming and sports wagering,  
2 including satisfaction of any minimum new investment commitment;

3 (3) evidence of the applicant's good character,  
4 honesty, and integrity;

5 (4) evidence that issuance of the casino license will  
6 not be detrimental to the public interest or the casino gaming and  
7 sports wagering industry;

8 (5) a detailed estimate of the total new investment to  
9 be made by the applicant for the destination resort and evidence of  
10 the applicant's financial capacity to operate and complete  
11 development of the destination resort;

12 (6) evidence that the applicant possesses, or  
13 reasonably expects to obtain, all state, county, and municipal  
14 permits and approvals necessary for the construction and operation  
15 of the proposed destination resort within the time prescribed by  
16 this chapter; and

17 (7) evidence that the applicant is prepared to begin  
18 construction of its proposed destination resort not later than the  
19 second anniversary of the date the casino license is issued and to  
20 proceed with the construction of the destination resort without  
21 unnecessary delay.

22 (c) An applicant may apply for not more than two casino  
23 licenses but must submit a separate application for each  
24 destination resort for which a casino license is sought.

25 Sec. 2202.053. CASINO LICENSE ISSUED TO INDIAN TRIBE;  
26 AGREEMENT. (a) In addition to the casino licenses issued under  
27 this subchapter, the commission may issue a casino license to a

1 federally recognized Indian tribe for which Indian lands in this  
2 state were held in trust by the United States on January 1, 1998. A  
3 license issued under this subsection authorizes the Indian tribe to  
4 which the license is issued to operate not more than one casino on  
5 Indian lands held in trust by the United States on January 1, 1998.

6 (b) A casino license issued by the commission under  
7 Subsection (a) to an Indian tribe constitutes an agreement between  
8 this state and the tribe for purposes of the Indian Gaming  
9 Regulatory Act (Pub. L. No. 100-497).

10 (c) An Indian tribe to which Subsection (a) applies may, in  
11 lieu of operating a casino under a casino license under that  
12 subsection, operate a casino on Indian lands described by  
13 Subsection (a) under an agreement with this state governed by this  
14 chapter and Chapter 2203.

15 (d) The commission may not issue a casino license for a  
16 location in which casino gaming or sports wagering is prohibited  
17 under a gaming agreement between an Indian tribe and this state.

18 Sec. 2202.054. MANDATORY LICENSE REQUIREMENTS. (a) A  
19 company is eligible to apply for and hold a casino license only if:

20 (1) the company is incorporated or organized and in  
21 good standing in this state or organized under the laws of another  
22 state of the United States and qualified to conduct business in this  
23 state; and

24 (2) the company complies with all laws of this state.

25 (b) To be eligible to hold a casino license, an applicant  
26 must submit an application to the commission by the date  
27 established by the commission.

1       (c) An application may not be considered filed for purposes  
2 of this chapter if the application does not include the information  
3 prescribed by Section 2202.052(b) or is not accompanied by the  
4 required application fee.

5       Sec. 2202.055. CONSIDERATIONS FOR INITIAL AND CONTINUING  
6 SUITABILITY FOR CASINO LICENSE. (a) The commission shall  
7 determine the initial and continuing suitability of each applicant  
8 for or holder of a casino license based on suitability criteria  
9 prescribed by commission rule to ensure that all casino license  
10 holders are of good character, are honest, have integrity, and are  
11 financially stable, that a casino license holder has sufficient  
12 business probity and competence, and that a casino license holder  
13 meets other applicable qualifications for the issuance of the  
14 license.

15       (b) The commission shall give due consideration to the  
16 protection of the public health, safety, morals, and general  
17 welfare of the people of this state and for the reputation of the  
18 state's casino gaming and sports wagering industry.

19       (c) In considering the initial and continuing suitability  
20 of an applicant for or holder of a casino license, the commission  
21 shall consider:

22               (1) whether the applicant or casino license holder is  
23 a qualified applicant as described by the Texas Constitution;

24               (2) the applicant's or casino license holder's  
25 experience in conducting licensed casino gaming and sports wagering  
26 operations and the applicant's financial ability to promptly  
27 construct and adequately maintain the proposed casino project; and

1           (3) the applicant's or casino license holder's  
2 progress toward satisfying any minimum investment commitment  
3 required by the Texas Constitution and the schedule specified in  
4 the application.

5           (d) In determining whether an applicant meets any minimum  
6 investment commitment required by the Texas Constitution, the  
7 commission may not consider the expenditure of any public money or  
8 facilities developed or built with public assistance or tax  
9 incentives of any kind.

10           (e) The burden of proving suitability to receive or hold a  
11 casino license is on the applicant or license holder.

12           (f) In considering the initial and continuing suitability  
13 of an applicant for or holder of a casino license, the commission  
14 may consider the suitability of:

15                   (1) each person holding an equity interest in the  
16 applicant or license holder requiring qualification under Section  
17 2202.060;

18                   (2) each person holding or proposed to receive an  
19 operator license, occupational license, or manufacturer license  
20 employed by or conducting business with the applicant or license  
21 holder; and

22                   (3) each affiliate of the applicant or license holder.

23           (g) An applicant for or holder of a casino license may not  
24 receive or hold a casino license if the person or an officer or  
25 director:

26                   (1) has been convicted of a felony in the past 20 years  
27 under the laws of this state, any other state, or the United States;

1           (2) has ever knowingly or intentionally submitted an  
2 application for a license under this chapter that contained false  
3 information;

4           (3) served as a principal manager for an applicant or  
5 license holder described by Subdivision (1) or (2);

6           (4) retains or employs another person described by  
7 Subdivision (2);

8           (5) holds a manufacturer license or casino service  
9 license;

10           (6) is a commission member; or

11           (7) is a member of the judiciary or an elected official  
12 of this state.

13           (h) The commission may adopt rules providing for a person's  
14 reciprocal determination of suitability to hold a casino license  
15 based partly on a determination of suitability to own and operate a  
16 casino in any other jurisdiction the commission considers  
17 reasonable for purposes of this chapter.

18           (i) In addition to all other applicable considerations and  
19 suitability criteria, if the Texas Constitution requires a casino  
20 license applicant to be selected through an open bid process, the  
21 commission shall consider the following factors when selecting the  
22 applicant:

23           (1) the relevant financial investment each competing  
24 applicant will make for the applicant's proposed destination resort  
25 project;

26           (2) the relative prospective revenue this state will  
27 collect from casino gaming and proposed nongaming businesses

1 associated with the applicant's proposed destination resort  
2 project;

3 (3) the relative number of state residents who would  
4 be employed at the applicant's proposed destination resort project  
5 and any proposed nongaming businesses and the extent of the  
6 applicant's good faith plan to recruit, train, and promote a  
7 workforce that reflects the diverse populations of this state in  
8 all employment classifications;

9 (4) the relative extent to which the applicant's  
10 proposed destination resort and any proposed associated hotel and  
11 other nongaming businesses could be reasonably expected to  
12 encourage interstate tourism to this state;

13 (5) the relative extent to which the scope, design,  
14 location, and construction of the applicant's destination resort  
15 and any proposed associated hotel and other nongaming businesses  
16 could be reasonably expected to contribute to the local economy;  
17 and

18 (6) the relative commitment of the applicant to  
19 product procurement for the applicant's operations from vendors  
20 based in this state.

21 Sec. 2202.056. REVIEW OF APPLICATION. (a) The commission  
22 shall issue an order approving or denying an application for a  
23 casino license not later than 180 days after the date the  
24 application is filed.

25 (b) The commission may adopt rules for issuing any temporary  
26 or interim license as the commission finds necessary to administer  
27 this chapter.

1       Sec. 2202.057. TRANSFERABILITY; CASINO GAMING OR SPORTS  
2 WAGERING SITE. A casino license is not transferable unless the  
3 transfer is approved in advance by the commission. A casino license  
4 authorizes casino gaming or sports wagering only at the specific  
5 site identified in the license.

6       Sec. 2202.058. REPLACEMENT CASINO LICENSE. (a) Subject to  
7 Subsection (b), the commission may issue a replacement casino  
8 license to an applicant that proposes to conduct casino gaming or  
9 sports wagering at:

10           (1) a destination resort location where casino gaming  
11 or sports wagering was previously conducted under a casino license  
12 that expired without being renewed or was revoked or permanently  
13 surrendered; or

14           (2) a new destination resort located in the same  
15 metropolitan statistical area as a destination resort location  
16 where casino gaming or sports wagering was previously conducted  
17 under a casino license that expired without being renewed or was  
18 revoked or permanently surrendered, on the condition that the  
19 license holder make minimum new investments for the development of  
20 a destination resort in the amount required by the Texas  
21 Constitution of an initial qualified applicant for the license.

22       (b) The commission may not issue a replacement casino  
23 license under Subsection (a) if issuing the license would cause the  
24 number of active casino licenses to exceed a limit on the number of  
25 active casino licenses established by the Texas Constitution or  
26 this subtitle.

27       (c) In determining whether to issue a replacement casino

1 license to an applicant under Subsection (a), the commission shall  
2 determine the initial suitability of the applicant using the  
3 requirements of Section 2202.054 and the considerations of Section  
4 2202.055.

5 (d) The commission may adopt rules providing additional  
6 considerations or requirements related to issuance of a replacement  
7 casino license under Subsection (a).

8 Sec. 2202.059. DENIAL, SUSPENSION, AND REVOCATION. (a)  
9 The commission may deny an application for a casino license or  
10 suspend or revoke a casino license if the commission determines  
11 that the applicant is unsuitable to be issued or the license holder  
12 is unsuitable to continue to hold a casino license based on the  
13 applicant's or license holder's:

14 (1) failure to meet or maintain the requirements of  
15 Section 2202.054; or

16 (2) lack of suitability as determined by the  
17 commission under Section 2202.055.

18 (b) If the commission has reasonable grounds to believe that  
19 an applicant is unsuitable to hold or a license holder is unsuitable  
20 to continue to hold a casino license as provided by Subsection (a),  
21 the commission shall conduct an investigation under Section  
22 2202.351 and a hearing under Section 2202.356 and may, based on the  
23 commission's determination, deny issuance of the license or  
24 suspend, limit, or revoke the license.

25 (c) On suspension or revocation of a casino license under  
26 this section, the license holder must immediately cease all casino  
27 gaming and sports wagering activities.

1       (d) If the holder of a casino license fails to begin  
2 construction of a casino by the second anniversary of the date the  
3 license was issued or fails to begin casino gaming or sports  
4 wagering operations by the fifth anniversary of the date the  
5 license was issued, the commission may require forfeiture of the  
6 license, unless the commission for good cause previously granted an  
7 appropriate extension of time. The commission shall adopt rules  
8 regarding the criteria and procedure for granting an extension of  
9 time under this subsection.

10       Sec. 2202.060. REGISTRATION OF INTEREST IN APPLICANT OR  
11 LICENSE HOLDER. (a) Except as provided by Subsection (b), a person  
12 who directly or indirectly owns an equity interest in an applicant  
13 for or holder of a casino license shall register and qualify with  
14 the commission under commission rules and shall provide information  
15 the commission finds necessary to determine the suitability and  
16 eligibility of the person to retain the interest.

17       (b) The following persons are not required to register or  
18 qualify under this section:

19               (1) a key employee of the casino license holder that is  
20 required to apply for an occupational license under Section  
21 2202.102;

22               (2) an institutional investor that is a record owner  
23 of 25 percent or less of the total equity of the casino license  
24 holder;

25               (3) a person that beneficially owns five percent or  
26 less of the total equity of the casino license holder; and

27               (4) any other group or class of persons that the

1 commission by rule exempts from registration or qualification.

2 (c) A casino license holder shall provide to the commission  
3 the name, address, and interest in the casino license holder of each  
4 person who is exempt from registration or qualification under  
5 Subsection (b).

6 (d) A registration filed under this section must be  
7 accompanied by the application fee required under Section 2202.202.

8 Sec. 2202.061. TRANSFERABILITY OF INTEREST; LIMITATION ON

9 OWNERSHIP. (a) Except as provided by this subsection, a casino  
10 license holder may not issue an equity interest to a person without  
11 the commission's determination of the qualification of the proposed  
12 subscriber or purchaser to hold the interest. A casino license  
13 holder that is a publicly held company or is wholly owned by one or  
14 more publicly held companies may issue equity interests of five  
15 percent or less of its equity interest to any person without the  
16 consent of the commission.

17 (b) A person beneficially owning more than five percent of  
18 the equity interest of a casino license holder may not:

19 (1) transfer an interest in the license holder  
20 requiring qualification under Section 2202.060 to any person  
21 without the commission's determination of the qualification of the  
22 proposed transferee to hold the interest, except that a person may  
23 transfer not more than five percent of the person's interest in the  
24 license holder to an affiliate of the transferor or an individual  
25 related to the transferor within the fourth degree by affinity or  
26 consanguinity, as determined under Chapter 573, Government Code,  
27 provided that notice is given to the commission at least 90 days

1 before the transfer; or

2 (2) simultaneously beneficially own more than five  
3 percent of the equity interest of more than one other casino license  
4 holder.

5 (c) A subscriber or proposed transferee of an interest by a  
6 casino license holder shall provide to the commission the  
7 information the commission considers necessary to determine the  
8 qualification of the person. The commission, not later than the  
9 60th day after the date of the application, shall determine the  
10 qualification of a subscriber or proposed transferee and approve or  
11 deny the issuance or transfer.

12 Sec. 2202.062. DETERMINATION OF QUALIFICATION. (a) The  
13 commission shall determine the qualification of a person to acquire  
14 or continue to hold an equity interest in an applicant for or holder  
15 of a casino license based on the qualification requirements the  
16 commission adopts for the protection of the public interest to  
17 ensure that persons holding securities issued by license holders  
18 are of good character, are honest, have integrity, are financially  
19 stable, and are otherwise qualified to hold the interest.

20 (b) The burden of proving qualification to acquire or hold  
21 an equity interest in a license holder is on the person acquiring or  
22 holding the interest.

23 (c) A person is unsuitable to acquire or retain an equity  
24 interest in an applicant for or holder of a casino license if the  
25 person would be unsuitable to receive a casino license under  
26 Section 2202.055(g).

27 (d) If the commission has reasonable grounds to believe that

1 a person holding an equity interest in an applicant for or holder of  
2 a casino license may be unqualified to retain the person's  
3 interest, the commission shall conduct an investigation under  
4 Section 2202.351 and a hearing under Section 2202.356 and may,  
5 based on the commission's determination, issue an unsuitability  
6 finding and divestiture order to the holder of the interest and the  
7 issuer of the interest. On receipt of a divestiture order, the  
8 person holding the interest shall tender the person's entire  
9 interest for purchase to the issuer or a third party on terms the  
10 commission approves.

11 (e) If the commission issues an unsuitability finding and  
12 divestiture order to a holder of an equity interest, the person  
13 subject to the order may not:

14 (1) receive, directly or indirectly, a dividend,  
15 interest, payment, or distribution of any kind relating to the  
16 security that is the subject of the order; or

17 (2) exercise, directly or indirectly, any voting power  
18 or other right with respect to the security to which the order  
19 relates.

20 (f) A person subject to an order may receive payment for the  
21 sale of the person's interest on terms the commission approves.

22 Sec. 2202.063. HORSE RACING; GREYHOUND RACING; SCOPE OF  
23 COMMISSION AUTHORITY GOVERNING RACETRACK ASSOCIATIONS. (a) In this  
24 section:

25 (1) "Greyhound racing," "horse race meeting," "horse  
26 racing day," and "racetrack association" have the meanings assigned  
27 to those terms by Section 2021.003.

1           (2) "Class 1 racetrack" means a class 1 racetrack  
2 described by Section 2026.102.

3           (b) Except as provided by Subsection (c), the commission by  
4 rule shall ensure that a casino license holder that is also a  
5 racetrack association holding a license for a class 1 racetrack  
6 continues to conduct horse race meetings consistent with a minimum  
7 number of horse racing days that were conducted in 2022.

8           (c) If required by the Texas Constitution, a racetrack  
9 association that holds a license to conduct horse race meetings at a  
10 racetrack shall cease all horse racing operations at the racetrack  
11 and surrender the license as a condition of receiving and holding a  
12 casino license or designating a person to receive and hold a casino  
13 license as provided by the Texas Constitution.

14           (d) A racetrack association that holds a license to conduct  
15 greyhound racing shall cease all greyhound racing operations and  
16 surrender the license as a condition of receiving and holding a  
17 casino license or designating a person to receive and hold a casino  
18 license as provided by the Texas Constitution.

19           (e) Except as otherwise authorized by the commission, a  
20 casino license holder that is also a racetrack association shall  
21 keep the license holder's casino operations and financial records  
22 separate from the racetrack association's racing operations and  
23 records.

24           (f) An activity regulated by the Texas Racing Commission  
25 under Subtitle A-1 (Texas Racing Act) is not subject to regulation  
26 by the commission.

27           Sec. 2202.064. TERM OF CASINO LICENSE. A casino license

1 issued under this subchapter expires on the 50th anniversary of the  
2 date of issuance and may be renewed for one or more 50-year terms.

3 Sec. 2202.065. LOCAL ZONING LAWS. (a) Notwithstanding any  
4 other law, a destination resort at which casino gaming is  
5 authorized under this chapter is subject to any applicable local  
6 government zoning and land use regulations in place on January 1,  
7 2023.

8 (b) To the extent a destination resort could satisfy the  
9 criteria for classification as more than one regulated entity or be  
10 subject to more than one body of regulations, a local government  
11 zoning and land use authority shall classify and regulate a  
12 destination resort under the most permissive classification and  
13 regulations to ensure the maximum economic benefit to this state in  
14 the shortest possible time.

15 SUBCHAPTER C. OPERATOR LICENSE AND OCCUPATIONAL LICENSE

16 Sec. 2202.101. OPERATOR LICENSE. (a) A person may not  
17 provide services as an operator unless the person holds an operator  
18 license.

19 (b) An operator license holder must hold a separate operator  
20 license for each casino that the license holder operates.

21 Sec. 2202.102. OCCUPATIONAL LICENSE. (a) Except as  
22 provided by Subsection (b), a person may not be employed as a gaming  
23 employee unless the person holds an occupational license.

24 (b) A casino license holder or operator license holder is  
25 not required to obtain an occupational license to provide services  
26 as a gaming employee in the casino to which the license relates.

27 (c) A casino license holder shall designate at least one

1 occupational license holder as a key employee with responsibility  
2 over all gaming activities. The commission shall note on each key  
3 employee's occupational license that the individual is designated  
4 as a key employee. At least one key employee must be available at  
5 the casino at all times when casino gaming or sports wagering is  
6 conducted on the casino license holder's premises.

7 Sec. 2202.103. APPLICATION. (a) An application for an  
8 operator license or occupational license shall be made in  
9 compliance with commission rules and must contain information the  
10 commission finds necessary to determine the suitability and  
11 eligibility of the applicant to function as a casino operator or to  
12 be employed or retained as a gaming employee.

13 (b) An application for an operator license or an  
14 occupational license must be accompanied by the required  
15 application fee.

16 (c) The commission may issue a temporary operator license  
17 and a temporary occupational license. The commission shall adopt  
18 rules regarding the terms of temporary operator licenses and  
19 temporary occupational licenses.

20 Sec. 2202.104. RESIDENCY. A person is eligible to apply for  
21 and hold an operator license or occupational license without regard  
22 to the residency of the applicant.

23 Sec. 2202.105. DETERMINATION OF SUITABILITY. (a) The  
24 commission shall determine the suitability of an applicant for or  
25 holder of an operator license or occupational license based on  
26 suitability criteria the commission adopts in order to ensure that  
27 a license holder:

1           (1) is of good character, is honest, and has  
2 integrity;

3           (2) has sufficient business probity, competence, and  
4 training or experience in the gaming industry to perform the  
5 function contemplated; and

6           (3) is otherwise qualified to be licensed.

7           (b) The burden of proving suitability to hold an operator  
8 license or occupational license is on the applicant or license  
9 holder.

10          (c) In considering the suitability of a company applying for  
11 or holding an operator license or occupational license to hold the  
12 license, the commission shall consider the suitability of each  
13 principal manager and each holder of more than five percent of the  
14 equity interest of the company to individually hold an occupational  
15 license based on the suitability standards that apply to an  
16 applicant for the license generally.

17          (d) A person may not be found suitable to hold an operator  
18 license or occupational license if that person would be found  
19 unsuitable to hold a casino license under Section 2202.055(g),  
20 except that an applicant for an operator license or occupational  
21 license who has been convicted of a felony may be found suitable if  
22 the applicant is found to be adequately rehabilitated under  
23 applicable rehabilitation requirements adopted by the commission  
24 and is otherwise suitable for licensing.

25          Sec. 2202.106. DENIAL, SUSPENSION, LIMITATION, OR  
26 REVOCAION OF LICENSE. (a) The commission may deny an application  
27 for or suspend, limit, or revoke an operator license or

1 occupational license for any reasonable cause.

2 (b) If the commission has reasonable cause to believe that  
3 an operator license holder or occupational license holder may be  
4 unsuitable to hold the license, giving due consideration to the  
5 protection of the health, safety, morals, and general welfare of  
6 this state and to the reputation of the state's casino gaming  
7 industry, the commission shall conduct an investigation under  
8 Section 2202.351 and a hearing under Section 2202.356 and may,  
9 based on the commission's determination, suspend, limit, or revoke  
10 any license.

11 (c) On suspension or revocation of an operator license or  
12 occupational license, the license holder shall cease providing all  
13 services in any capacity requiring a license under Section 2202.101  
14 or 2202.102.

15 (d) A holder of an operator license or occupational license  
16 that has been suspended or revoked may not, while the license is  
17 suspended or revoked:

18 (1) receive, directly or indirectly, any  
19 compensation, consideration, or payment of any kind relating to the  
20 conduct of casino gaming or sports wagering in any capacity  
21 requiring a license under Section 2202.101 or 2202.102, other than  
22 the payment for services rendered before the suspension or  
23 revocation; or

24 (2) serve or function in a capacity that would require  
25 a license under Section 2202.101 or 2202.102.

26 SUBCHAPTER D. MANUFACTURER LICENSE AND CASINO SERVICE LICENSE

27 Sec. 2202.151. MANUFACTURER LICENSE. (a) A person may not

1 engage in any segment of the slot machine manufacturing industry in  
2 this state for which a manufacturer license is required under this  
3 section unless the person holds a manufacturer license covering  
4 that segment of the industry. This subsection applies only to slot  
5 machines manufactured for use in this state.

6 (b) The commission shall adopt rules identifying segments  
7 of the manufacturing industry directly involved in the design,  
8 manufacture, assembly, production, programming, sale, lease,  
9 marketing, distribution, repair, or modification of slot machines  
10 or component parts of slot machines that the commission finds  
11 appropriate for licensing under this section.

12 (c) A manufacturer license is personal to the license holder  
13 and allows the license holder to conduct business with any casino.

14 Sec. 2202.152. CASINO SERVICE LICENSE. (a) A person may  
15 not engage in any segment of the casino service industry that  
16 requires a casino service license under a rule adopted under  
17 Subsection (b) or under a provision of Subsection (c) unless the  
18 person holds a casino service license.

19 (b) The commission shall adopt rules identifying segments  
20 of the casino service industry directly involved with providing  
21 gaming-related services, equipment, and supplies that the  
22 commission finds appropriate for licensing under this section.

23 (c) A person is required to hold a casino service license if  
24 the person:

25 (1) operates, conducts, or maintains a casino  
26 gaming- or sports wagering-related business; or

27 (2) furnishes goods, property, or services to a casino

1 in exchange for:

2 (A) a payment based on a percentage of the  
3 earnings, profits, or receipts from the casino; or

4 (B) a payment the commission finds to be grossly  
5 disproportionate to the value of the goods, property, or service  
6 provided.

7 (d) A utility company, a retail electric provider, a  
8 municipality, or another political subdivision is not required to  
9 obtain a casino service license under this section.

10 (e) A casino service license is personal to the license  
11 holder and allows the license holder to conduct business with any  
12 casino.

13 (f) A casino license holder or operator license holder, or  
14 an employee, officer, or director of a casino license holder or  
15 operator license holder, is not required to obtain a casino service  
16 license to provide services for the casino to which the casino  
17 license or operator license relates.

18 Sec. 2202.153. APPLICATION. (a) A person seeking a  
19 manufacturer license or casino service license shall submit an  
20 application in accordance with commission rules.

21 (b) The application must:

22 (1) contain information the commission finds  
23 necessary to determine the suitability and eligibility of the  
24 applicant; and

25 (2) be accompanied by the required application fee.

26 Sec. 2202.154. DETERMINATION OF SUITABILITY. (a) In  
27 considering the suitability of a company applying for or holding a

1 manufacturer license or casino service license to receive and  
2 continue to hold the license, the commission shall consider the  
3 suitability of each principal manager and each holder of more than  
4 five percent of the equity interest of the company to individually  
5 receive and hold a manufacturer license or casino service license  
6 based on the suitability standards that apply to the company.

7 (b) The commission may not find a person suitable to hold a  
8 manufacturer license or casino service license if that person would  
9 be found unsuitable to hold a casino license under Section  
10 2202.055(g), except that an applicant for a manufacturer license or  
11 casino service license who has been convicted of a felony may be  
12 found suitable if the applicant is found to be adequately  
13 rehabilitated under applicable rehabilitation requirements adopted  
14 by the commission and the applicant or license holder is otherwise  
15 suitable for licensing.

16 Sec. 2202.155. DENIAL, SUSPENSION, LIMITATION, OR  
17 REVOCAION OF LICENSE. (a) The commission may deny an application  
18 for or suspend, limit, or revoke a manufacturer license or casino  
19 service license for any reasonable cause.

20 (b) If the commission has reasonable cause to believe that a  
21 manufacturer license holder or casino service license holder may be  
22 unsuitable to hold the license, giving due consideration to the  
23 protection of the health, safety, morals, and general welfare of  
24 this state and to the reputation of the state's casino gaming and  
25 sports wagering industry, the commission shall conduct an  
26 investigation under Section 2202.351 and a hearing under Section  
27 2202.356 and may, based on the commission's determination, suspend,

1 limit, or revoke the license.

2 (c) On suspension or revocation of a license, the license  
3 holder shall cease the performance of manufacturing activity or  
4 casino service requiring a license under this chapter. After the  
5 revocation or suspension of the license, the affected license  
6 holder may not, while the license is revoked or suspended, receive,  
7 directly or indirectly, compensation, consideration, or payment of  
8 any kind relating to manufacturing activity or provision of casino  
9 services in any capacity requiring a license under this chapter,  
10 other than the payment for goods or services provided before the  
11 suspension or revocation.

12 (d) A casino license holder or operator license holder who  
13 has entered into a lease with a manufacturer license holder or  
14 casino services license holder whose license has been revoked or  
15 suspended may continue to make payments on the lease based on the  
16 original terms and conditions of the lease without modification or  
17 may accelerate the lease and pay the remainder of the lease, at the  
18 sole option of the casino license holder or operator license  
19 holder.

20 (e) The burden of proving suitability to receive and hold a  
21 manufacturer license or casino service license is on the applicant  
22 or license holder.

23 SUBCHAPTER E. LICENSE RENEWAL AND FEES

24 Sec. 2202.201. TERMS. Except as provided by Section  
25 2202.064, an original or renewal license expires on the first  
26 anniversary of the date it is issued.

27 Sec. 2202.202. APPLICATION AND RENEWAL FEES; LICENSE TERMS.

1 (a) An application fee received under this section must be:

2 (1) deposited in the Texas casino gaming fund; and

3 (2) used for the operation of the commission.

4 (b) An applicant for a casino license must pay an  
5 application fee as follows, regardless of whether the destination  
6 resort with the casino has been constructed:

7 (1) \$2.5 million for a license for a casino located  
8 within a destination resort that requires a minimum new investment  
9 commitment of at least \$2 billion;

10 (2) \$1.25 million for a license for a casino located  
11 within a destination resort that requires a minimum new investment  
12 commitment of at least \$1 billion; or

13 (3) \$500,000 for a license for a casino located within  
14 a destination resort that requires a minimum new investment  
15 commitment of at least \$250 million.

16 (c) An applicant for a manufacturer license must pay an  
17 application fee of \$1,000.

18 (d) An applicant for an operator license must pay an  
19 application fee of \$1,000.

20 (e) An applicant for a casino service license must pay an  
21 application fee of \$200.

22 (f) A person registering and applying to qualify to hold an  
23 equity interest in a license holder must pay an application fee of  
24 \$200.

25 (g) An applicant for an occupational license must pay an  
26 application fee of \$100.

27 (h) All application fees must be in the form of a money order

1 or cashier's check and be payable to the Texas Gaming Commission,  
2 except that the commission may provide for the payment of the fees  
3 by electronic funds transfer or similar method. Application fees  
4 are nonrefundable.

5 (i) Application fees shall be applied toward the cost of  
6 investigating applicants' suitability for licensing or  
7 qualification under this chapter. Any costs of investigation  
8 incurred in excess of the application fee shall be paid by the  
9 applicant, except that the commission by rule may provide for an  
10 exception to this requirement for casino service licenses and  
11 occupational licenses.

12 (j) A license described by Subsection (c), (d), (e), (f), or  
13 (g) expires on the first anniversary of the date the license is  
14 issued as provided by Section 2202.201.

15 (k) The fee for the renewal of a license described by  
16 Subsection (c), (d), (e), (f), or (g) is the same amount as the  
17 initial application fee.

18 SUBCHAPTER F. TEXAS CASINO GAMING FUND; TAXES

19 Sec. 2202.251. TEXAS CASINO GAMING FUND. (a) The Texas  
20 casino gaming fund is a special fund in the state treasury.

21 (b) All application fees and investigation fees collected  
22 by the commission or on the commission's behalf related to casino  
23 gaming shall be deposited to the credit of the Texas casino gaming  
24 fund.

25 (c) The Texas casino gaming fund may be used only for the  
26 operation of the commission and the administration of this  
27 subtitle. The amount of money in the fund that exceeds the amount

1 necessary for the operation of the commission and the  
2 administration of this chapter may be transferred to the general  
3 revenue fund as authorized by the legislature.

4 (d) The operation of the commission and the administration  
5 of this chapter shall be supported by fees generated under this  
6 chapter and by a portion of the taxes imposed by Section 2202.252.

7 Sec. 2202.252. CASINO GAMING TAX; SPORTS WAGERING TAX;  
8 ALLOCATION OF TAXES. (a) A casino gaming tax is imposed on each  
9 casino license holder in an amount equal to 15 percent of the gross  
10 casino gaming revenue of the casino operated under the license.

11 (b) The taxes imposed by this section shall be computed and  
12 paid monthly in accordance with the procedures established by  
13 commission rule.

14 (c) Except as provided by Subsection (d), the revenue from  
15 the taxes imposed by this section is allocated to the general  
16 revenue fund.

17 (d) Of the revenue from the casino gaming tax imposed by  
18 Subsection (a):

19 (1) the comptroller shall deposit two percent to the  
20 credit of the escrow account administered by the Texas Racing  
21 Commission and established under Section 2028.204(b) to be used as  
22 horse racing purses in this state;

23 (2) three percent shall be allocated to the Texas  
24 casino gaming fund to support the operation of the commission and  
25 administration of this chapter;

26 (3) one-half of one percent shall be allocated to the  
27 general revenue fund and may be appropriated only to fund a

1 compulsive gambling program established under Subchapter J;

2 (4) \$1 million may be appropriated in each state  
3 fiscal biennium to the Department of Public Safety to be used to  
4 provide grants to prosecuting attorneys for the investigation and  
5 prosecution of offenses related to the possession of gambling  
6 devices;

7 (5) 10 percent may be appropriated only to fund public  
8 safety programs; and

9 (6) 80 percent may be appropriated only to fund  
10 education, provided that, if a constitutional amendment proposed by  
11 the 88th Legislature, Regular Session, 2023, renaming the national  
12 research university fund as the Texas University Fund is approved  
13 by the voters and takes effect, an amount equal to the lesser of \$1  
14 billion each state fiscal year or 80 percent of the revenue  
15 collected from the casino gaming tax imposed by Subsection (a) each  
16 state fiscal year shall be allocated to the Texas University Fund.

17 (e) To promote the growth of live horse racing in this  
18 state, the Texas Racing Commission shall allocate the amounts  
19 deposited under Subsection (d)(1) to horse racetrack associations  
20 based on the number of live race dates each licensed horse racetrack  
21 association conducts. The Texas Racing Commission may adopt rules  
22 to implement this subsection.

23 (f) A sports wagering tax is imposed on each license holder  
24 in an amount equal to 10 percent of the gross sports wagering  
25 revenue of the license holder.

26 (g) The taxes imposed by this section are due and payable on  
27 or before the 20th day of the month following the month in which the

1 taxes are imposed.

2 (h) If the amount of taxes required to be reported and paid  
3 under this section is later determined to be greater or less than  
4 the amount actually reported and paid by the license holder, the  
5 commission shall:

6 (1) assess and collect the additional taxes determined  
7 to be due with interest until paid; or

8 (2) refund any overpayment, with interest, to the  
9 license holder.

10 (i) Interest required to be collected or refunded under  
11 Subsection (h) must be computed, until paid, at the rate of one  
12 percent per month from the first day of the first month following  
13 the due date of the additional taxes or the date of the overpayment  
14 of taxes, as applicable.

15 Sec. 2202.253. DETERMINATION OF GROSS CASINO GAMING  
16 REVENUE. (a) In calculating gross casino gaming revenue, a prize,  
17 premium, drawing, benefit, or ticket that is redeemable for money,  
18 merchandise, or other promotional allowance, except money, chips,  
19 or tokens paid at face value directly to a patron as the result of a  
20 specific wager and the amount of cash paid to purchase an annuity to  
21 fund winnings, may not be deducted from gross casino gaming revenue  
22 as a loss at any game except a slot machine or a table game with a  
23 progressive jackpot.

24 (b) In calculating gross casino gaming revenue from slot  
25 machines at a casino, the actual cost to the license holder of any  
26 personal property distributed to a patron as the result of a  
27 legitimate wager may be deducted as a loss, but travel expenses,

1 food, refreshments, lodging, or services at the license holder's  
2 casino may not be deducted. For the purposes of this subsection,  
3 personal property is distributed as the result of a legitimate  
4 wager if a patron must make a wager before receiving the personal  
5 property, regardless of whether the receipt of the personal  
6 property is dependent on the outcome of the wager.

7 Sec. 2202.254. REFUND OF OVERPAYMENT. (a) Taxes imposed  
8 under this subchapter that are erroneously collected may be  
9 refunded, on approval of the commission, as other claims against  
10 the state are paid.

11 (b) Not later than the 90th day after the date notice of the  
12 commission's action on a claim for refund filed under this chapter  
13 is sent by mail, the claimant may bring an action against the  
14 commission on the grounds stated in the claim for the recovery of  
15 any part of the amount of the claim that has been disallowed.

16 (c) Failure to bring an action within the time specified by  
17 Subsection (b) constitutes a waiver of any demand against the state  
18 on account of alleged overpayments.

19 (d) If the commission fails to mail its notice of action on a  
20 claim within six months after the date the claim is filed, the  
21 claimant may consider the claim disallowed and bring an action  
22 against the commission on the grounds set forth in the claim for the  
23 recovery of any part of the amount claimed as an overpayment.

24 (e) A claim for refund of taxes imposed under this  
25 subchapter that are paid in excess of the amount required to be  
26 reported and paid must be filed not later than two years after the  
27 date of overpayment.

1       Sec. 2202.255. DETERMINATION OF DEFICIENCY. (a) If a  
2 casino license holder fails to make a report of the taxes imposed  
3 under this subchapter, or if the executive director is not  
4 satisfied with the license holder's report of the taxes, the  
5 executive director may compute and determine the amount due based  
6 on:

- 7               (1) any facts contained in the report;  
8               (2) an audit conducted by the executive director;  
9               (3) an estimate of the amount due;  
10              (4) any information in the commission's possession or  
11 that may come into the executive director's possession; or  
12              (5) any combination of the methods described by  
13 Subdivisions (1)-(4).

14       (b) In making a determination, the commission may offset  
15 overpayments and interest due against underpayments and interest or  
16 penalties due for the period of the audit.

17       (c) The executive director shall give prompt written notice  
18 of a determination of a deficiency under this section to the casino  
19 license holder. Except in the case of fraud or intent to evade the  
20 payment of the tax, a notice of a determination of a deficiency must  
21 be mailed not later than the later of the second anniversary of the:

- 22              (1) last day of the calendar month following the  
23 applicable reporting period in which the deficiency occurred; or  
24              (2) date the report is filed by the license holder.

25       (d) If the reasons for the deficiency are not apparent, the  
26 executive director shall include an explanation of those reasons in  
27 the notice of a determination of a deficiency.

1 (e) If overpayments and interest exceed underpayments,  
2 penalties, and interest, the excess amount shall be refunded to the  
3 casino license holder.

4 Sec. 2202.256. PETITION FOR REDETERMINATION; PETITION FOR  
5 JUDICIAL REVIEW. (a) A casino license holder against whom a  
6 determination is made under Section 2202.255 may petition the  
7 commission for a redetermination not later than the 30th day after  
8 the date notice of the determination is served. If a petition for  
9 redetermination satisfying the requirements of Subsection (c) is  
10 not filed by the 30th day, the determination becomes final.

11 (b) If a petition for redetermination satisfying the  
12 requirements of Subsection (c) is filed within the 30-day period,  
13 the commission shall review the determination and, if the  
14 petitioner requests, shall grant a hearing.

15 (c) A petition for redetermination must:

16 (1) specify the contested portions of the  
17 determination of deficiency;

18 (2) specify the grounds for redetermination;

19 (3) state whether a hearing is requested; and

20 (4) be accompanied by payment in full of the  
21 uncontested portion of the determination, including any interest  
22 and penalties.

23 (d) An order or decision of the commission on a petition for  
24 redetermination is final 10 days after the date the petitioner is  
25 served.

26 (e) A petitioner against whom an order or decision of the  
27 commission becomes final may, not later than the 60th day after the

1 date the decision is final, petition for judicial review in the  
2 manner provided by Chapter 2001, Government Code. The executive  
3 director may not petition for judicial review.

4 Sec. 2202.257. TAX ADMINISTRATION. (a) The commission  
5 shall perform all functions incident to the administration,  
6 collection, enforcement, and operation of a fee or tax imposed  
7 under this chapter. The commission may adopt rules and prescribe  
8 forms for the administration, collection, and enforcement of a fee  
9 or tax and for the reporting of a fee or tax.

10 (b) Subtitle B, Title 2, Tax Code, applies to the  
11 administration, collection, and enforcement of a tax imposed under  
12 this subchapter, except that the powers and duties assigned to the  
13 comptroller under that subtitle are assigned to the commission.

14 SUBCHAPTER G. REGULATION OF GAMBLING OPERATIONS

15 Sec. 2202.301. REGULATION OF CASINO OPERATIONS. (a) The  
16 commission shall adopt rules applicable to the operation of casinos  
17 as the commission finds necessary for the protection of the health,  
18 safety, morals, and general welfare of this state and for the  
19 reputation of the state's casino gaming and sports wagering  
20 industry.

21 (b) Casinos may operate 24 hours a day, seven days a week. A  
22 license holder may elect other hours of operation.

23 Sec. 2202.302. SPORTS WAGERING. Sports wagering is  
24 authorized only under a license issued by the commission and is  
25 subject to rules established by the commission.

26 Sec. 2202.303. USE OF CHIPS OR TOKENS. All casino gaming  
27 and sports wagering must be conducted with legal tender of the

1 United States or with chips, tokens, or other instrumentality  
2 approved by the commission for that purpose.

3 Sec. 2202.304. REPORTING REQUIREMENTS. (a) A casino  
4 license holder shall keep the license holder's books and records in  
5 a manner that clearly shows the total amount of gross casino gaming  
6 revenue and gross sports wagering revenue, as applicable, and other  
7 revenues received.

8 (b) The books and records kept by a casino license holder  
9 relating to casino gaming or sports wagering operations are not  
10 public records and the publication and dissemination of the  
11 materials by the commission is prohibited.

12 (c) A casino license holder shall file a report of each  
13 change of the corporate officers and directors with the commission.

14 (d) A casino license holder shall report to the executive  
15 director in writing a change in company employees who have been  
16 designated as key employees.

17 (e) The commission may require that a company furnish the  
18 commission with a copy of the company's federal income tax return  
19 not later than the 30th day after the date the return is filed with  
20 the federal government.

21 Sec. 2202.305. EXCLUSION OF PERSONS. (a) The commission by  
22 rule shall provide for the establishment of a list of persons who  
23 must be excluded or ejected from a casino. The list may include a  
24 person whose presence in the casino or establishment is determined  
25 by the commission to pose a threat to the interests of this state,  
26 to licensed casino gaming or sports wagering, or to both interests.

27 (b) In making a determination under this section, the

1 commission may consider any:

2 (1) prior conviction of a crime that is a felony in  
3 this state or under the laws of the United States or a crime  
4 involving moral turpitude or a violation of the gaming laws of a  
5 state; or

6 (2) violation of or conspiracy to violate this  
7 subtitle relating to:

8 (A) the failure to disclose an interest in a  
9 casino for which the person must obtain a license;

10 (B) wilful evasion of a fee or a tax;

11 (C) a notorious or unsavory reputation that would  
12 adversely affect public confidence and trust that the gaming  
13 industry is free from criminal or corruptive elements; or

14 (D) a written order of a governmental agency that  
15 authorizes the exclusion or ejection of the person from a casino  
16 where casino gaming, sports wagering, or pari-mutuel wagering is  
17 conducted.

18 Sec. 2202.306. INTERNAL AUDIT AND CONTROL SYSTEMS. (a) A  
19 casino license holder shall adopt an internal control system that  
20 provides for:

21 (1) the safeguarding of its assets and revenues,  
22 especially the recording of cash and evidences of indebtedness; and

23 (2) the provision of reliable records, accounts, and  
24 reports of transactions, operations, and events, including reports  
25 to the executive director and the commission.

26 (b) The internal control system must be designed to  
27 reasonably ensure that:

- 1           (1) assets are safeguarded;
- 2           (2) financial records are accurate and reliable;
- 3           (3) transactions are performed only in accordance with  
4 management's general or specific authorization;
- 5           (4) transactions are recorded adequately to allow  
6 proper reporting of gross casino gaming revenue, gross sports  
7 wagering revenue, fees, and taxes and to maintain accountability  
8 for assets;
- 9           (5) access to assets is allowed only in accordance  
10 with management's specific authorization;
- 11           (6) recorded accountability for assets is compared  
12 with actual assets at reasonable intervals and appropriate action  
13 is taken with respect to any discrepancies; and
- 14           (7) functions, duties, and responsibilities are  
15 appropriately segregated and performed in accordance with sound  
16 practices by competent, qualified personnel.

17           (c) A casino license holder and an applicant for a casino  
18 license shall describe, in a manner approved or required by the  
19 executive director, the license holder's or applicant's  
20 administrative and accounting procedures in detail in a written  
21 system of internal control. A casino license holder and applicant  
22 for a casino license shall submit a copy of the license holder's or  
23 applicant's written system to the executive director. A written  
24 system must include:

- 25           (1) an organizational chart depicting appropriate  
26 segregation of functions and responsibilities;
- 27           (2) a description of the duties and responsibilities

1 of each position shown on the organizational chart;

2 (3) a detailed, narrative description of the  
3 administrative and accounting procedures designed to satisfy the  
4 requirements of Section 2202.304(a);

5 (4) a written statement signed by the license holder's  
6 chief financial officer and either the license holder or the  
7 license holder's chief executive officer attesting that the system  
8 satisfies the requirements of this section;

9 (5) if the written system is submitted by an  
10 applicant, a letter from an independent certified public accountant  
11 stating that the applicant's written system has been reviewed by  
12 the certified public accountant and complies with the requirements  
13 of this section; and

14 (6) other items the executive director may require.

15 (d) The commission shall adopt minimum standards for  
16 internal control procedures.

17 Sec. 2202.307. AGE REQUIREMENTS. A person under 21 years of  
18 age may not:

19 (1) play, be allowed to play, place wagers on, or  
20 collect winnings from, personally or through an agent, any casino  
21 gaming or sports wagering authorized under this chapter; or

22 (2) be employed as a gaming employee.

23 Sec. 2202.308. ACCEPTANCE OF CREDIT INSTRUMENTS. (a) A  
24 credit instrument evidencing a gaming transaction may be enforced  
25 by legal process.

26 (b) A license holder may accept an incomplete credit  
27 instrument that is signed by a patron and states the amount of the

1 debt. The license holder may complete the instrument as is  
2 necessary for the instrument to be presented for payment.

3 (c) A license holder:

4 (1) may not accept a credit instrument that is  
5 incomplete, except as authorized by Subsection (b); and

6 (2) may accept a credit instrument that is payable to  
7 an affiliate or may complete a credit instrument in the name of an  
8 affiliate as payee if the credit instrument otherwise complies with  
9 this section and the records of the affiliate pertaining to the  
10 credit instrument are made available to the executive director on  
11 request.

12 (d) This section does not prohibit the establishment of an  
13 account by a deposit of cash, recognized traveler's check, or any  
14 other instrument that is equivalent to cash.

15 (e) Any person, license holder, or agent or employee of the  
16 person or license holder who violates this section is subject only  
17 to the penalties provided in this chapter relating to disciplinary  
18 actions. The failure of a person to comply with this section or  
19 commission rules does not invalidate a credit instrument or affect  
20 the ability to enforce the credit instrument or the transaction  
21 that the credit instrument represents.

22 Sec. 2202.309. GAMBLING DEBTS. (a) Except as otherwise  
23 provided by this chapter, gambling debts not evidenced by a credit  
24 instrument are void and unenforceable and do not give rise to any  
25 administrative or civil cause of action.

26 (b) A claim by a patron of a license holder for payment of a  
27 gambling debt not evidenced by a credit instrument may be resolved

1 by the executive director under commission rules.

2 (c) The executive director shall send a copy of the  
3 executive director's ruling by first class mail to the attorneys of  
4 record and shall keep an appropriate copy of the mailing. If a  
5 party is not represented by an attorney of record, the executive  
6 director shall send a copy of the ruling by first class mail to the  
7 party and shall keep an appropriate record of the mailing.

8 (d) A party or attorney of record notified by mail under  
9 this section is presumed to have been notified on the date on which  
10 the notice is mailed.

11 (e) A party aggrieved by the executive director's ruling is  
12 entitled to have the claim resolved by the commission in a contested  
13 case under Chapter 2001, Government Code, if the party files a  
14 written complaint with the commission challenging the executive  
15 director's ruling not later than the 20th day after the date on  
16 which the party or the party's attorney of record is notified by  
17 mail.

18 Sec. 2202.310. QUESTIONING AND DETENTION OF PERSONS. (a) A  
19 casino license holder or the license holder's officer, employee, or  
20 agent may question on the premises of the license holder's casino  
21 any person suspected of violating this chapter while on the casino  
22 premises. The casino license holder or the license holder's  
23 officer, employee, or agent is not criminally or civilly liable:

24 (1) as a result of the questioning; or

25 (2) for reporting the person suspected of the  
26 violation to the executive director or law enforcement authorities.

27 (b) A casino license holder or the license holder's officer,

1 employee, or agent who has reasonable cause to believe that there  
2 has been a violation of this chapter in the license holder's casino  
3 by a person may take that person into custody and detain the person  
4 in the casino in a reasonable manner and for a reasonable length of  
5 time. The taking into custody and detention does not render a  
6 license holder or the license holder's officer, employee, or agent  
7 criminally or civilly liable unless it is established by clear and  
8 convincing evidence that the taking into custody and detention are  
9 unreasonable under all the circumstances.

10 (c) A casino license holder or the license holder's officer,  
11 employee, or agent is not entitled to the immunity from liability  
12 provided by Subsection (a) or (b) unless there is displayed in a  
13 conspicuous place in the license holder's establishment a notice in  
14 boldface type, clearly legible, and in substantially this form:

15 A CASINO LICENSE HOLDER OR THE HOLDER'S OFFICER,  
16 EMPLOYEE, OR AGENT WHO HAS A REASONABLE CAUSE TO  
17 BELIEVE THAT A PERSON HAS VIOLATED A PROVISION OF  
18 CHAPTER 2202, OCCUPATIONS CODE, MAY QUESTION OR DETAIN  
19 THAT PERSON IN THIS ESTABLISHMENT.

20 Sec. 2202.311. SLOT MACHINE DISABLED. (a) The commission  
21 may disable a slot machine operated by a license holder under this  
22 chapter at the time:

23 (1) a proceeding to suspend a casino license is  
24 initiated;

25 (2) the commission discovers the license holder failed  
26 to deposit money received from slot machine operations as required;

27 or

1           (3) an act or omission occurs that, under commission  
2 rules, justifies the termination of slot machine operations to:

3                   (A) protect the integrity of gaming or the public  
4 health, welfare, or safety; or

5                   (B) prevent financial loss to this state.

6           (b) The commission shall immediately disable a slot machine  
7 if necessary to protect the public health, welfare, or safety.

8           Sec. 2202.312. SLOT MACHINE DISTRIBUTION AND COMMISSION  
9 APPROVAL. (a) A person may not distribute a slot machine or other  
10 gaming device or associated equipment for placement at a casino in  
11 this state unless the machine or equipment has been approved by the  
12 commission.

13           (b) Only a person that holds a casino license or  
14 manufacturer license issued under this chapter may apply for  
15 approval of a slot machine or other gaming device or associated  
16 equipment.

17           Sec. 2202.313. TECHNICAL STANDARDS FOR GAMING EQUIPMENT.  
18 The commission by rule shall establish minimum technical standards  
19 for gaming devices and associated equipment that may be operated in  
20 this state.

21           Sec. 2202.314. INCIDENT REPORTS. (a) A casino license  
22 holder or operator license holder shall record all potential  
23 criminal violations known to the license holder and related to  
24 casino gaming or sports wagering activity in the casino.

25           (b) The casino license holder or operator license holder for  
26 a casino shall assign each incident, without regard to materiality,  
27 a sequential number and, at a minimum, provide the following

1 information in a permanent record prepared in accordance with  
2 commission rules to ensure the integrity of the record:

- 3 (1) the number assigned to the incident;
- 4 (2) the date and time of the incident;
- 5 (3) the nature of the incident;
- 6 (4) each person involved in the incident; and
- 7 (5) the name of the employee or other agent of the  
8 owner or operator who investigated the incident.

9 Sec. 2202.315. SLOT MACHINE EVENTS. A casino license  
10 holder or operator license holder shall keep a database of slot  
11 machine events. The commission by rule shall determine what  
12 constitutes a slot machine event for purposes of this section.

13 Sec. 2202.316. SECURITY. (a) The casino license holder or  
14 operator license holder of a casino shall:

15 (1) continuously monitor all slot machines through the  
16 use of a closed-circuit television system that records activity for  
17 a continuous 24-hour period, retain all videotapes or other media  
18 used to store video images for not fewer than seven days, and make  
19 the tapes or media available to the commission on request;

20 (2) submit for commission approval a security plan and  
21 a floor plan of the area where slot machines are operated showing  
22 slot machine locations and security camera mount locations; and

23 (3) employ at least the minimum number of private  
24 security personnel the commission determines is necessary to  
25 provide for the safe operation of the casino and the safety and  
26 well-being of the players.

27 (b) Private security personnel must be present during all

1 hours of operation at each casino.

2 (c) An agent or employee of the commission or the Department  
3 of Public Safety or other law enforcement personnel may be present  
4 at a casino at any time.

5 (d) The commission may adopt rules to impose additional  
6 surveillance and security requirements related to casinos and the  
7 operation of slot machines.

8 Sec. 2202.317. COMMISSION RIGHT TO ENTER. The commission  
9 or the commission's representative, after displaying appropriate  
10 identification and credentials, has the free and unrestricted right  
11 to:

12 (1) enter and inspect a premises in which casino  
13 gaming or sports wagering is conducted and any premises where  
14 gaming devices, table games, or associated equipment is  
15 manufactured, sold, or distributed; and

16 (2) inspect and copy the records of a casino license  
17 holder or operator license holder of a casino pertaining to the  
18 casino gaming or sports wagering.

19 Sec. 2202.318. APPOINTMENT OF SUPERVISOR. (a) The  
20 commission by rule may provide for the appointment of a supervisor  
21 to manage and operate a casino at the direction of the commission  
22 and perform any act that a casino license holder or operator license  
23 holder is entitled to perform in the event that:

24 (1) the casino license, operator license, or other  
25 license required for operation of the casino is revoked or  
26 suspended, lapses, or is surrendered;

27 (2) a casino has been conveyed or transferred to a

1 secured party receiver or trustee who does not hold the necessary  
2 licenses to operate the casino; or

3 (3) any other event occurs that causes the casino to  
4 cease the operation of slot machines.

5 (b) The rules may allow the commission to:

6 (1) take any action or adopt any procedure necessary  
7 to operate a casino pending the licensing of a casino license  
8 applicant or operator license applicant that seeks to operate the  
9 casino on the transfer or sale of the casino; and

10 (2) if necessary to continue the operation of the  
11 casino, sell the casino to a person that holds or has applied for  
12 the licenses required to operate the casino under this chapter and  
13 make appropriate distributions of the proceeds of the sale.

14 Sec. 2202.319. OFFENSE: CONVEYANCE OF CASINO PROPERTY. (a)  
15 A person commits an offense if during the pendency of any proceeding  
16 before the commission that may result in the appointment of a  
17 supervisor or during the period of supervision the person:

18 (1) sells, leases, or otherwise conveys for less than  
19 full market value or pledges as security any property of a casino;  
20 or

21 (2) removes from this state or secretes from the  
22 commission or the supervisor any property, money, books, or records  
23 of the casino, including evidences of debts owed to the casino.

24 (b) An offense under Subsection (a) is a felony of the third  
25 degree.

26 SUBCHAPTER H. ENFORCEMENT; PRIVILEGED AND CONFIDENTIAL

27 INFORMATION

1       Sec. 2202.351. ENFORCEMENT. (a) The executive director  
2 shall conduct an appropriate investigation to:

3           (1) determine whether there has been a violation of  
4 this chapter or of a commission rule;

5           (2) determine facts, conditions, practices, or  
6 matters that the executive director considers necessary or proper  
7 to aid in the enforcement of a law or rule;

8           (3) aid in adopting rules;

9           (4) secure information as a basis for recommending  
10 legislation relating to this chapter;

11           (5) determine facts regarding whether an applicant or  
12 a license holder meets all requirements and suitability criteria to  
13 be eligible to hold a license under this subtitle; and

14           (6) determine whether a license holder is able to meet  
15 the license holder's financial obligations, including all  
16 financial obligations imposed by this chapter, as they become due.

17       (b) If after an investigation the executive director is  
18 satisfied that a license should be denied, limited, conditioned,  
19 suspended, or revoked, or that a fine should be levied, the  
20 executive director shall initiate a hearing under Section 2202.356.

21       Sec. 2202.352. ABSOLUTE PRIVILEGE FOR REQUIRED DOCUMENTS  
22 AND COMMUNICATIONS; PRIVILEGED DOCUMENTS. (a) An applicant or  
23 license holder has absolute privilege for the content of any  
24 document or communication of the applicant or license holder that  
25 is transmitted or made to the commission or a commission employee or  
26 designee to comply with any law, including a commission rule, or a  
27 subpoena issued by the commission or to assist the commission or a

1 commission employee or designee in the performance of the duties of  
2 the commission or a commission employee or designee. Any document  
3 or communication to which this subsection applies does not impose  
4 liability for defamation and is not a ground for recovery in any  
5 civil action by a person other than the commission.

6 (b) If a document or communication contains information  
7 that is privileged under a law of this state or the law of any other  
8 jurisdiction in which the document or communication is created or  
9 stored, the privilege is not waived or lost because the document or  
10 communication is disclosed to the commission or a commission  
11 employee or designee.

12 (c) Notwithstanding the powers granted to the commission  
13 and the executive director by this chapter:

14 (1) the commission or the commission's employee or  
15 designee may not release or disclose privileged information,  
16 documents, or communications provided by an applicant or license  
17 holder and required by a lawful court order unless timely notice of  
18 the potential release or disclosure has been given to the applicant  
19 or license holder and the applicant or license holder has provided  
20 prior written consent to the release or disclosure;

21 (2) the commission and the commission's employees and  
22 designees shall maintain all privileged information, documents,  
23 and communications in a secure place accessible only to members of  
24 the commission and the commission's employees and designees; and

25 (3) the commission shall adopt procedures to protect  
26 the privileged nature of information, documents, and  
27 communications provided by an applicant or license holder.

1       Sec. 2202.353. RELEASE OF CONFIDENTIAL INFORMATION. An  
2 application to a court for an order requiring the commission or the  
3 executive director to release any information declared by law to be  
4 confidential shall be made only on a motion in writing delivered not  
5 later than the 10th day before the date of application to the  
6 commission, the attorney general, and all persons who may be  
7 affected by the entry of the order. Copies of the motion and all  
8 papers filed in support of the motion shall be served with the  
9 notice by delivering a copy in person or by certified mail to the  
10 last known address of the person to be served.

11       Sec. 2202.354. EMERGENCY ORDERS. (a) The commission may  
12 issue an emergency order for suspension, limitation, or  
13 conditioning of a license or may issue an emergency order requiring  
14 a casino to keep an individual license holder from the premises of  
15 the licensed establishment or to not pay the license holder any  
16 remuneration for services or any profits, income, or accruals on  
17 the license holder's investment in the casino.

18       (b) An emergency order may be issued only if the commission  
19 determines that:

20               (1) a license holder has wilfully failed to report,  
21 pay, or truthfully account for a fee or tax imposed under this  
22 chapter or wilfully attempted in any manner to evade or defeat a fee  
23 or tax payment;

24               (2) a license holder or gaming employee has cheated at  
25 a gambling game; or

26               (3) the action is necessary for the immediate  
27 preservation of the public peace, health, safety, morals, good

1 order, or general welfare.

2 (c) The emergency order must state the grounds on which it  
3 is issued, including a statement of facts constituting the alleged  
4 emergency necessitating the action.

5 (d) An emergency order may be issued only with the approval  
6 of and under the signature of four or more members of the  
7 commission.

8 (e) An emergency order is effective immediately on issuance  
9 and service on the license holder or resident agent of the license  
10 holder, gaming employee, or, in cases involving registration, on  
11 issuance and service on the person or entity involved or registered  
12 agent of the entity involved. An emergency order may suspend,  
13 limit, condition, or take other action in relation to the license of  
14 one or more persons in an operation without affecting other  
15 individual license holders or the casino. An emergency order  
16 remains effective until further order of the commission or final  
17 disposition of the case.

18 (f) Not later than the fifth day after the date of issuance  
19 of an emergency order, the executive director shall file a  
20 complaint and serve it on the person or entity involved. The person  
21 or entity against whom the emergency order has been issued and  
22 served is entitled to a hearing before the commission and to  
23 judicial review of the decision and order of the commission under  
24 Chapter 2001, Government Code. Judicial review is under the  
25 substantial evidence rule, as provided by that chapter.

26 Sec. 2202.355. SUSPENSION OR REVOCATION OF LICENSE. (a)  
27 The commission may suspend or revoke a license issued under this

1 chapter if the holder of the license at any time fails to meet the  
2 eligibility requirements set forth in this chapter.

3 (b) Failure to timely remit gaming revenue generated by slot  
4 machines to the commission or any tax or other fee owed to this  
5 state as demonstrated by report from the applicable taxing  
6 authority or to timely file any report or information required  
7 under this chapter as a condition of any license issued under this  
8 chapter may be grounds for suspension or revocation, or both, of a  
9 license issued under this chapter.

10 Sec. 2202.356. LICENSE HEARING; DISCIPLINARY HEARING. (a)  
11 Before the commission denies an application, suspends or revokes a  
12 license, or imposes a fine for a violation of this chapter, the  
13 commission shall provide written notice to the applicant or license  
14 holder of the denial, the suspension and the period of suspension,  
15 the revocation, or the amount of the fine. The notice shall  
16 include:

17 (1) the effective date of the denial, suspension,  
18 revocation, or the fine, as applicable;

19 (2) each reason for the denial, suspension,  
20 revocation, or fine;

21 (3) an explanation of the evidence supporting the  
22 reasons;

23 (4) a statement explaining that the applicant or  
24 license holder is entitled to an opportunity to present the  
25 applicant's or license holder's position in response to the notice,  
26 on or before the 15th day after the date the notice is delivered  
27 personally or mailed to the applicant or license holder; and

1           (5) a statement explaining the person's right to an  
2 administrative hearing to determine whether the denial,  
3 suspension, revocation, or fine is warranted.

4           (b) The notice required under Subsection (a) must be made by  
5 personal delivery or by mail to the person's mailing address as it  
6 appears in the commission's records.

7           (c) To obtain an administrative hearing on a denial,  
8 suspension, revocation, or fine under this section, a person must  
9 submit a written request for a hearing to the commission not later  
10 than the 20th day after the date notice is delivered personally or  
11 mailed to the person, as applicable.

12           (d) If the commission receives a timely request under  
13 Subsection (c), the commission shall provide the person with an  
14 opportunity for a hearing as soon as practicable. If the commission  
15 does not receive a timely request under Subsection (c), the  
16 commission may impose the fine, deny the application, or suspend or  
17 revoke the license or sustain the denial, suspension, or revocation  
18 without a hearing.

19           (e) Except as provided by Subsection (g) or otherwise  
20 provided by this subsection, the hearing must be held not earlier  
21 than the 11th day after the date the written request is submitted to  
22 the commission. A hearing may be held before the 11th day after the  
23 date the written request is submitted to the commission if the  
24 hearing requestor and the commission agree to a hearing at an  
25 earlier date.

26           (f) The commission may provide that a revocation or  
27 suspension takes effect on receipt of notice under Subsection (a)

1 if the commission finds that the action is necessary to prevent or  
2 remedy a threat to public health, safety, or welfare. The  
3 commission by rule shall establish a nonexclusive list of  
4 violations that present a threat to the public health, safety, or  
5 welfare.

6 (g) A hearing on a suspension or revocation that takes  
7 effect on receipt of notice must be held not earlier than the ninth  
8 day after the date the written request is submitted to the  
9 commission, unless the commission and the hearing requestor agree  
10 to an earlier date, and not later than the 14th day after the date  
11 the commission receives the request for a hearing under this  
12 section, unless the commission and the hearing requestor agree to a  
13 later date. Except as otherwise provided by this subsection, the  
14 revocation or suspension continues in effect until the hearing is  
15 completed. If the hearing is continued, the revocation or  
16 suspension remains in effect during the continuance at the request  
17 of the hearing requestor or on a finding of good cause by the  
18 commission or administrative law judge.

19 (h) To prevail in an administrative hearing under this  
20 section, the hearing requestor must demonstrate by clear and  
21 convincing evidence that the denial, suspension, revocation, or  
22 imposition of a fine was unwarranted or otherwise unlawful. The  
23 post-deprivation hearing may be conducted by the commission or  
24 referred to the State Office of Administrative Hearings.

25 (i) The administrative record created by the hearing  
26 conducted by the State Office of Administrative Hearings shall be  
27 provided to the commission for review and determination.

1       (j) If an administrative law judge of the State Office of  
2 Administrative Hearings conducts a hearing under this section and  
3 the proposal for decision supports the commission's position, the  
4 administrative law judge shall include in the proposal a finding of  
5 the costs, fees, expenses, and reasonable and necessary attorney's  
6 fees this state incurred in bringing the proceeding.

7       (k) The commission may adopt the findings for costs, fees,  
8 and expenses and make the finding a part of the final order entered  
9 in the proceeding. Proceeds collected from a finding made under  
10 this section shall be paid to the commission.

11       Sec. 2202.357. JUDICIAL REVIEW OF DENIAL, SUSPENSION,  
12 REVOCAATION, OR FINE IMPOSITION. (a) A person aggrieved by a final  
13 decision of the commission to deny, suspend, or revoke a license or  
14 to impose any fine may obtain judicial review before a district  
15 court in Travis County. The sovereign immunity of the state from  
16 suit and from liability is waived for the limited purpose of  
17 allowing a person to obtain judicial review as provided in this  
18 section.

19       (b) The judicial review must be instituted by serving on the  
20 commission and filing a petition not later than the 20th day after  
21 the effective date of the final decision and must identify the order  
22 appealed from and the grounds or reason why the petitioner contends  
23 the decision of the commission should be reversed or modified.

24       (c) The review must be conducted by the court sitting  
25 without jury and must not be a trial de novo but is confined to the  
26 record on review. The reviewing court may only affirm the decision,  
27 remand the case for further proceedings, or reverse the decision if

1 the substantial rights of the petitioner have been violated.

2 (d) If any court of competent jurisdiction, on judicial  
3 review limited to the administrative record before the commission  
4 and subject to the substantial evidence standard, concludes that:

5 (1) the denial of the issuance of the license was  
6 unwarranted or otherwise unlawful, the sole remedy available is  
7 invalidation of the commission's final decision and remand to the  
8 commission for reconsideration of the application; or

9 (2) the suspension, revocation, or fine was  
10 unwarranted or otherwise unlawful, the sole remedy available is  
11 reinstatement of the license or invalidation of the fine, as  
12 applicable.

13 (e) The commission, this state, or the members, officers,  
14 employees, and authorized agents of the commission or the state are  
15 not subject to monetary damages, attorney's fees, or court costs  
16 resulting from a fine imposed or from the denial, suspension, or  
17 revocation of a license.

18 Sec. 2202.358. EFFECT OF DENIAL OF LICENSE. (a) If a  
19 person denied a license has previously been issued a temporary  
20 license, the temporary license expires immediately on the issuance  
21 of the denial.

22 (b) Except as otherwise authorized by the commission, a  
23 person denied a license may not reapply for any license before the  
24 second anniversary of the date of the denial.

25 Sec. 2202.359. AGREEMENT TO WAIVE ENFORCEABILITY. A  
26 license holder by virtue of accepting the license agrees that the  
27 privilege of holding a license under this chapter is conditioned on

1 the license holder's agreement to Sections 2202.355, 2202.356, and  
2 2202.357, and the license holder waives any right to challenge or  
3 otherwise appeal the enforceability of those sections.

4 Sec. 2202.360. LIMITED WAIVER OF SOVEREIGN IMMUNITY; NO  
5 LIABILITY OF STATE FOR ENFORCEMENT. (a) Except as expressly  
6 provided by the Texas Constitution, this state does not waive its  
7 sovereign immunity by negotiating gaming agreements with Indian  
8 tribes or other persons for the operation of casino gaming, sports  
9 wagering, or gambling games under this subtitle. An actor or agent  
10 for this state may not waive this state's sovereign immunity absent  
11 an express legislative grant of that authority. The only waiver of  
12 sovereign immunity relative to gaming operations is provided by  
13 this section.

14 (b) With regard to gaming operations on Indian lands, this  
15 state consents to the jurisdiction of the District Court of the  
16 United States with jurisdiction in the county where the Indian  
17 lands are located, or if the federal court lacks jurisdiction, to  
18 the jurisdiction of a district court in Travis County, solely for  
19 the purpose of resolving disputes arising from a gaming agreement  
20 authorized under this chapter or Chapter 2203 for declaratory or  
21 injunctive relief or contract damages of \$100,000 or more or from  
22 the failure of the state to enter into a gaming agreement as  
23 required by Section 2203.001. Any disputes relating to damages or  
24 other awards valued at less than \$100,000 shall be arbitrated under  
25 the rules of the American Arbitration Association, provided,  
26 however, that application of the rules may not be construed as a  
27 waiver of sovereign immunity.

1       (c) All financial obligations of the commission are payable  
2 solely out of the income, revenues, and receipts of the commission  
3 and are subject to statutory restrictions and appropriations.

4       (d) This state and the commission are not liable if  
5 performance by the commission is compromised or terminated by acts  
6 or omissions of the legislature or the state or federal judiciary.

7       (e) This state and the commission are not liable for acts or  
8 omissions related to the enforcement of this subtitle.

9                   SUBCHAPTER I. PENALTIES AND OFFENSES

10       Sec. 2202.401. FAILURE TO PAY FEE OR TAX. (a) License fees  
11 and other fees required by this chapter must be paid to the  
12 commission on or before the dates provided by law for each fee.

13       (b) A person failing to timely pay a fee or tax when due  
14 shall pay in addition a penalty of not less than \$50 or 25 percent of  
15 the amount due, whichever is greater. The penalty may not exceed  
16 \$1,000 if the fee or tax is less than 10 days late and may not exceed  
17 \$5,000 under any circumstances. The commission shall collect the  
18 penalty in the same manner as other charges, license fees, and fines  
19 are collected under this chapter.

20       Sec. 2202.402. WILFUL FAILURE TO REPORT, PAY, OR ACCOUNT  
21 FOR FEE OR TAX. (a) A person commits an offense if the person  
22 wilfully:

23               (1) fails to report, pay, or truthfully account for a  
24 fee or tax imposed under this chapter; or

25               (2) attempts in any manner to evade or defeat a fee or  
26 tax imposed under this chapter.

27       (b) An offense under this section is a Class A misdemeanor.

1       Sec. 2202.403. CASINO GAMING AND SPORTS WAGERING FRAUD.

2       (a) A person commits an offense if the person knowingly:

3               (1) in connection with casino gaming or sports  
4 wagering:

5                       (A) alters or misrepresents the outcome of a game  
6 or other event on which wagers have been made after the outcome is  
7 made sure but before it is revealed to the players;

8                       (B) places, increases, or decreases a bet or  
9 determines the course of play after acquiring knowledge, not  
10 available to all players, of the outcome of the game or an event  
11 that affects the outcome of the game or that is the subject of the  
12 bet or aids anyone in acquiring such knowledge for the purpose of  
13 placing, increasing, or decreasing a bet or determining the course  
14 of play contingent on that event or outcome;

15                      (C) places or increases a bet after acquiring  
16 knowledge of the outcome of the game or other event that is the  
17 subject of the bet, including past posting and pressing bets; or

18                      (D) reduces the amount wagered or cancels the bet  
19 after acquiring knowledge of the outcome of the game or other event  
20 that is the subject of the bet, including pinching bets;

21                      (2) claims, collects, or takes or attempts to claim,  
22 collect, or take money or anything of value in or from a gambling  
23 game, with the intent to defraud, without having made a wager  
24 contingent on the gambling game;

25                      (3) claims, collects, or takes an amount greater than  
26 the amount won from a gambling game;

27                      (4) entices or induces another to go to a place where a

1 gambling game is being conducted or operated in violation of this  
2 subtitle, with the intent that the other person play or participate  
3 in that gambling game; or

4 (5) manipulates, with the intent to cheat, a component  
5 of a gaming device in a manner contrary to the designed and normal  
6 operational purpose for the component, including varying the pull  
7 of the handle of a slot machine, with knowledge that the  
8 manipulation affects the outcome of the game or with knowledge of an  
9 event that affects the outcome of the game.

10 (b) An offense under this section is a felony of the third  
11 degree.

12 Sec. 2202.404. USE OF PROHIBITED DEVICES. (a) A person  
13 commits an offense if the person, at a casino, uses or possesses  
14 with the intent to use a device, other than those customarily used  
15 in the conduct of gaming, to assist in:

16 (1) projecting the outcome of the game;  
17 (2) keeping track of the cards played; or  
18 (3) analyzing the probability of the occurrence of an  
19 event relating to the game.

20 (b) An offense under this section is a felony of the third  
21 degree.

22 Sec. 2202.405. USE OF COUNTERFEIT OR UNAUTHORIZED TOKEN,  
23 CHIP, OR COIN. (a) A person commits an offense if the person  
24 knowingly uses counterfeit tokens, chips, or coins in a gambling  
25 game.

26 (b) A person commits an offense if the person, in playing  
27 any gambling game designed to receive, be played with, or be

1 operated by lawful tender of the United States, tokens or chips  
2 approved by the executive director, or other instrumentality  
3 approved by the commission for use in the gambling game knowingly  
4 uses a token, chip, or coin or other instrumentality other than  
5 tokens, chips, coins, or other instrumentality approved by the  
6 commission and designed for the gambling game.

7 (c) A person, other than an authorized employee of a license  
8 holder acting in furtherance of the person's employment within an  
9 establishment, commits an offense if the person knowingly has on  
10 the person's body or in the person's possession on or off the  
11 premises of a casino a device intended to be used to violate the  
12 provisions of this chapter.

13 (d) A person, other than an authorized employee of a license  
14 holder acting in furtherance of the person's employment within a  
15 casino, commits an offense if the person knowingly has on the  
16 person's body or in the person's possession on or off the premises  
17 of a casino a key or device known to have been designed for the  
18 purpose of and suitable for opening, entering, or affecting the  
19 operation of a gambling game, a drop box, or an electronic or  
20 mechanical device connected to the game or box or for removing money  
21 or other contents from the game or box.

22 (e) A person commits an offense if the person, with the  
23 intent to manufacture slugs for unauthorized use in gaming devices  
24 located at a casino, knowingly has on the person's body or in the  
25 person's possession paraphernalia for manufacturing slugs. In this  
26 subsection, "paraphernalia for manufacturing slugs" means the  
27 equipment, products, and materials that are intended for use or

1 designed for use in manufacturing, producing, fabricating,  
2 preparing, testing, analyzing, packaging, storing, or concealing a  
3 counterfeit facsimile of the chips or tokens approved by the  
4 executive director or a lawful coin of the United States, the use of  
5 which is an offense under Subsection (b). The term includes:

6 (1) lead or lead alloys;

7 (2) molds, forms, or similar equipment capable of  
8 producing a likeness of a gaming token or United States coin;

9 (3) melting pots or other receptacles;

10 (4) torches; and

11 (5) tongs, trimming tools, or other similar equipment.

12 (f) Possession of more than one of the devices, equipment,  
13 products, or materials described in this section permits a  
14 rebuttable inference that the possessor intended to use them to  
15 cheat. In this subsection, "cheat" has the meaning assigned by  
16 Section 2202.406.

17 (g) An offense under this section is a felony of the third  
18 degree.

19 Sec. 2202.406. CHEATING. (a) In this section, "cheat"  
20 means to alter the elements of chance, method of selection, or  
21 criteria that determine the result of a game or the amount or  
22 frequency of payment in a game.

23 (b) A person commits an offense if the person knowingly  
24 cheats at any gambling game.

25 (c) An offense under this section is a state jail felony.

26 Sec. 2202.407. POSSESSION OF UNLAWFUL GAMING DEVICE. (a) A  
27 person commits an offense if the person possesses any slot machine

1 or other gaming device that the person knows has been manufactured,  
2 sold, or distributed in violation of this chapter.

3 (b) An offense under this section is a Class A misdemeanor.

4 Sec. 2202.408. UNLAWFUL MANUFACTURE, SALE, OR DISTRIBUTION  
5 OF GAMING EQUIPMENT. (a) In this section, "cheat" has the meaning  
6 assigned by Section 2202.406.

7 (b) A person commits an offense if the person manufactures,  
8 sells, or distributes a gaming device or associated equipment with  
9 the intent that the device or equipment be used to violate this  
10 chapter.

11 (c) A person commits an offense if the person marks, alters,  
12 or otherwise modifies any associated equipment or gaming device in  
13 a manner that:

14 (1) affects the result of a wager by determining a win  
15 or loss; or

16 (2) alters the normal criteria of random selection  
17 that affect the operation of a game or determine the outcome of a  
18 game.

19 (d) A person commits an offense if the person instructs  
20 another person in cheating or in the use of a device for cheating at  
21 any gambling game authorized to be conducted at a casino, with the  
22 knowledge or intent that the information or use may be employed to  
23 violate this chapter.

24 (e) An offense under this section is a felony of the third  
25 degree.

26 Sec. 2202.409. UNLAWFUL REPORTING. (a) A person commits an  
27 offense if the person, in a license application, in a book or record

1 required to be maintained by this chapter or a rule adopted under  
2 this chapter, or in a report required to be submitted by this  
3 chapter or a rule adopted under this chapter:

4 (1) makes a statement or entry that the person knows to  
5 be false or misleading; or

6 (2) knowingly fails to maintain or make an entry the  
7 person knows is required to be maintained or made.

8 (b) A person commits an offense if the person knowingly  
9 refuses to produce for inspection by the executive director a book,  
10 record, or document required to be maintained or made by this  
11 chapter or a rule adopted under this chapter.

12 (c) An offense under this section is a Class A misdemeanor.

13 Sec. 2202.410. OTHER UNLAWFUL VIOLATIONS. (a) A person  
14 commits an offense if the person knowingly violates, attempts to  
15 violate, or conspires to violate a provision of this chapter  
16 specifying a prohibited act in a manner that is not otherwise  
17 specified as an offense under this subchapter.

18 (b) An offense under this section is a Class A misdemeanor.

19 Sec. 2202.411. UNAUTHORIZED OPERATION, USE, OR POSSESSION  
20 OF GAMING DEVICE. (a) A person commits an offense if the person  
21 operates, uses, or possesses a gaming device. An offense under this  
22 subsection is a felony of the third degree.

23 (b) It is an exception to the application of Subsection (a)  
24 that:

25 (1) the operation, use, or possession of the gaming  
26 device is expressly authorized by this chapter or other law,  
27 including the transport of a gaming device to or from a casino as

1 provided by this chapter;

2 (2) a manufacturer license holder is storing a gaming  
3 device as authorized by the commission for a period not to exceed  
4 180 consecutive days or a longer period approved by the commission;  
5 or

6 (3) the gaming devices are possessed by the commission  
7 for study and evaluation.

8 (c) This section does not prohibit the operation, use, or  
9 possession of equipment, machines, technological aids, or other  
10 devices allowed in connection with the play of bingo under Chapter  
11 2001.

12 Sec. 2202.412. SALE OF GAMBLING GAME TO OR PURCHASE OF  
13 GAMBLING GAME BY PERSON YOUNGER THAN 21 YEARS OF AGE. (a) A person  
14 licensed under this chapter or an employee of the person commits an  
15 offense if the person intentionally or knowingly allows a person  
16 younger than 21 years of age to play a gambling game or engage in  
17 sports wagering.

18 (b) An individual who is younger than 21 years of age  
19 commits an offense if the individual:

20 (1) plays a gambling game;

21 (2) engages in sports wagering; or

22 (3) falsely represents the individual to be 21 years  
23 of age or older by displaying evidence of age that is false or  
24 fraudulent or misrepresents in any way the individual's age in  
25 order to play a gambling game or engage in sports wagering.

26 (c) An offense under Subsection (a) is a Class C  
27 misdemeanor.

1 (d) An offense under Subsection (b) is a misdemeanor  
2 punishable by a fine not to exceed \$250.

3 (e) It is a defense to prosecution under Subsection (b) that  
4 the individual younger than 21 years of age is participating in an  
5 inspection or investigation on behalf of the commission or other  
6 appropriate governmental entity regarding compliance with this  
7 section.

8 Sec. 2202.413. PLAY OF GAMBLING GAME WITH PUBLIC ASSISTANCE  
9 FUNDS. (a) A person commits an offense if the person intentionally  
10 or knowingly plays a gambling game with public assistance funds  
11 issued to the person under:

12 (1) Chapter 31, Human Resources Code; or

13 (2) Chapter 33, Human Resources Code, including funds  
14 issued on electronic benefit transfer cards administered under that  
15 chapter.

16 (b) An offense under this section is a Class C misdemeanor.

17 Sec. 2202.414. EFFECT ON OTHER LAWS. A person who is  
18 subject to prosecution under an offense under this subchapter and  
19 an offense under Chapter 47, Penal Code, may be prosecuted under  
20 either or both laws.

21 SUBCHAPTER J. PROBLEM GAMBLING AND ADDICTION

22 Sec. 2202.451. PROBLEM GAMBLING AND ADDICTION GRANT FUND.

23 (a) The problem gambling and addiction grant fund is an account in  
24 the general revenue fund.

25 (b) Money credited to the fund may be used only for awarding  
26 grants under this subchapter. The fund shall be administered in  
27 accordance with this subchapter.

1       (c) An expenditure from the problem gambling and addiction  
2 grant fund shall be made in accordance with the General  
3 Appropriations Act.

4       (d) Grants from money in the fund may be used only to:

5           (1) provide treatment for problem gambling, gambling  
6 addiction, alcoholism, drug abuse, and other addictive behaviors;  
7 and

8           (2) provide funding for research related to the impact  
9 of gambling on state residents.

10       Sec. 2202.452. GRANT PROGRAM. (a) From funds appropriated  
11 for the purpose, the commission shall administer a grant program to  
12 provide assistance for the direct treatment of persons diagnosed as  
13 suffering from pathological gambling and other addictive behaviors  
14 and to provide funding for research regarding the impact of  
15 gambling on residents of this state.

16       (b) Research grants awarded under this section may include  
17 grants for determining the effectiveness of education and  
18 prevention efforts on the prevalence of pathological gambling in  
19 this state.

20       (c) A grant may be made only after open solicitation of  
21 proposals and evaluation of proposals against criteria established  
22 by commission rule.

23       (d) Public and private entities are eligible to apply for  
24 and receive grants under this section.

25       (e) A grant made in accordance with this section shall be  
26 made from funds appropriated to the commission from the problem  
27 gambling and addiction grant fund and funds provided to the

1 commission in accordance with Section 2202.453.

2 Sec. 2202.453. GIFTS AND DONATIONS. The commission may  
3 solicit and accept grants, gifts, contributions, or bequests made  
4 for the purpose of funding grants under this subchapter and expend  
5 the money for a purpose described by Section 2202.452 for which the  
6 money was received.

7 Sec. 2202.454. RULES. (a) The commission shall administer  
8 this subchapter and adopt rules establishing criteria for  
9 qualification to receive grants and other matters considered  
10 necessary by the commission for the administration of this  
11 subchapter.

12 (b) The rules adopted by the commission must require that  
13 each recipient of a grant report at least annually to the commission  
14 the grantee's measurable achievement of specific outcome goals.

15 CHAPTER 2203. TRIBAL GAMING AGREEMENTS

16 Sec. 2203.001. DUTY OF GOVERNOR. The governor shall  
17 execute, on behalf of this state, with a federally recognized  
18 Indian tribe with Indian lands in this state a gaming agreement  
19 consistent with the provisions of 25 U.S.C. Section 2710(d) and  
20 containing the terms set forth in Section 2203.002 not later than  
21 the 180th day after the date the governor receives a request from  
22 the tribe, accompanied by or in the form of a duly enacted  
23 resolution of the tribe's governing body, to enter into the gaming  
24 agreement.

25 Sec. 2203.002. MODEL TRIBAL GAMING AGREEMENT. (a) A gaming  
26 agreement executed under Section 2203.001 must be in the form and  
27 contain the provisions as follows:

1 GAMING AGREEMENT GOVERNING GAMING OPERATIONS Between the

2 (Name of Tribe) and the STATE OF TEXAS

3 This agreement is made and entered into by and between the  
4 (Name of Tribe), a federally recognized Indian Tribe ("Tribe"), and  
5 the State of Texas ("State"), with respect to gaming on the Tribe's  
6 Indian lands (as defined by Chapter 2201, Texas Occupations Code).

7 This agreement governs gambling on Indian lands held in trust  
8 by the United States on January 1, 1998, for the Tribe.

9 Pursuant to express provisions of the Ysleta del Sur Pueblo  
10 and Alabama and Coushatta Indian Tribes of Texas Restoration Act  
11 (Pub. L. No. 100-89) addressing jurisdiction, the Tribe may engage  
12 in any gaming activities on Indian lands that another person may be  
13 authorized to engage in within Texas under Subtitle E, Title 13,  
14 Texas Occupations Code.

15 The Tribe shall regulate the gaming activities authorized  
16 under this agreement on the Tribe's Indian lands.

17 The Tribe shall adopt rules and procedures substantially  
18 similar to the requirements of Subtitle E, Title 13, Texas  
19 Occupations Code, except that any regulatory oversight established  
20 under that subtitle for gaming conducted under a license shall be  
21 exercised by the Tribe for gaming conducted under this agreement.  
22 The Tribe may adopt the rules and procedures by reference to any  
23 provisions of Subtitle E, Title 13, Texas Occupations Code.

24 (b) A gaming agreement under Subsection (a) between this  
25 state and a federally recognized Indian tribe that is not subject to  
26 the Ysleta del Sur Pueblo and Alabama and Coushatta Indian Tribes of  
27 Texas Restoration Act (Pub. L. No. 100-89) may not include the

1 provision related to that Act.

2 Sec. 2203.003. NEGOTIATION FOR DIFFERENT TRIBAL GAMING  
3 AGREEMENT TERMS. (a) This chapter does not limit the ability of a  
4 federally recognized Indian tribe to request that a gaming  
5 agreement be negotiated with this state on terms that are different  
6 from those set forth in the gaming agreement under Section  
7 2203.002, or the ability of this state to engage in negotiations and  
8 to reach agreement under any applicable federal law.

9 (b) In offering to enter into a gaming agreement with Indian  
10 tribes in this state under Section 2203.002, and excluding  
11 assessments, authorized under the Indian Gaming Regulatory Act  
12 (Pub. L. No. 100-497), by this state of the amounts necessary to  
13 defray state costs of regulating activities as provided under the  
14 gaming agreement, nothing in this chapter may be construed to mean  
15 that:

16 (1) this state is imposing any tax, fee, charge, or  
17 other assessment on an Indian tribe or on any other person or entity  
18 authorized by an Indian tribe as a condition to engaging in a Class  
19 III activity as defined in the Indian Gaming Regulatory Act (Pub. L.  
20 No. 100-497); or

21 (2) this state is refusing to enter into gaming  
22 agreement negotiations based on the lack of authority of this state  
23 or a political subdivision of this state to impose the tax, fee,  
24 charge, or other assessment.

25 (c) If any federally recognized Indian tribe with  
26 jurisdiction over Indian lands in this state requests that the  
27 governor enter into negotiations for a gaming agreement under

1 federal law applicable to the Indian tribe, including the Indian  
2 Gaming Regulatory Act (Pub. L. No. 100-497), on terms different  
3 from those prescribed in the gaming agreement set forth in Section  
4 2203.002, the governor shall enter into those negotiations under  
5 the federal law applicable to the tribe and without preconditions  
6 and is authorized to reach agreement and execute the agreement on  
7 behalf of this state.

8 Sec. 2203.004. IMPLEMENTATION OF GAMING AGREEMENT. The  
9 governor shall execute any documents necessary to implement a  
10 gaming agreement authorized under this chapter.

11 Sec. 2203.005. INCORPORATION INTO STATE LAW. The model  
12 gaming agreement set out in Section 2203.002 is state law, and the  
13 operation of gaming authorized under the agreement is expressly  
14 authorized as a matter of state law for any Indian tribe entering  
15 into the gaming agreement in accordance with this chapter.

16 Sec. 2203.006. REGULATORY MONEY RECEIVED UNDER GAMING  
17 AGREEMENT. All money received by the commission under a gaming  
18 agreement for regulatory costs incurred relative to tribal gaming  
19 operations may be used only to defray expenses of the commission  
20 incurred in the oversight, compliance with, and enforcement of  
21 gaming operations conducted pursuant to a gaming agreement.

22 Sec. 2203.007. INJUNCTION; CIVIL PENALTY. (a) If the  
23 commission, the appropriate governing body for an Indian tribe, or  
24 the attorney general has reason to believe that this chapter has  
25 been or is about to be violated, the attorney general may petition a  
26 court for appropriate injunctive relief to restrain the violation.  
27 Filing of the petition does not waive applicable sovereign

1 immunity.

2 (b) Venue for an action by this state seeking injunctive  
3 relief is in a district court in Travis County.

4 (c) If the court finds that this chapter has been knowingly  
5 violated, the court shall order all proceeds from any illegal  
6 casino gaming or sports wagering to be forfeited to the appropriate  
7 governing body as a civil penalty.

8 (d) The remedies provided by this section are not exclusive.  
9 The commission may suspend or revoke a license, impose an  
10 administrative penalty, or seek injunctive or civil penalties or  
11 both, depending on the severity of the violation.

12 SECTION 2. Article 2.12, Code of Criminal Procedure, is  
13 amended to read as follows:

14 Art. 2.12. WHO ARE PEACE OFFICERS. The following are peace  
15 officers:

16 (1) sheriffs, their deputies, and those reserve  
17 deputies who hold a permanent peace officer license issued under  
18 Chapter 1701, Occupations Code;

19 (2) constables, deputy constables, and those reserve  
20 deputy constables who hold a permanent peace officer license issued  
21 under Chapter 1701, Occupations Code;

22 (3) marshals or police officers of an incorporated  
23 city, town, or village, and those reserve municipal police officers  
24 who hold a permanent peace officer license issued under Chapter  
25 1701, Occupations Code;

26 (4) rangers, officers, and members of the reserve  
27 officer corps commissioned by the Public Safety Commission and the

- 1 Director of the Department of Public Safety;
- 2 (5) investigators of the district attorneys', criminal
- 3 district attorneys', and county attorneys' offices;
- 4 (6) law enforcement agents of the Texas Alcoholic
- 5 Beverage Commission;
- 6 (7) each member of an arson investigating unit
- 7 commissioned by a city, a county, or the state;
- 8 (8) officers commissioned under Section 37.081,
- 9 Education Code, or Subchapter E, Chapter 51, Education Code;
- 10 (9) officers commissioned by the General Services
- 11 Commission;
- 12 (10) law enforcement officers commissioned by the
- 13 Parks and Wildlife Commission;
- 14 (11) officers commissioned under Chapter 23,
- 15 Transportation Code;
- 16 (12) municipal park and recreational patrolmen and
- 17 security officers;
- 18 (13) security officers and investigators commissioned
- 19 as peace officers by the comptroller;
- 20 (14) officers commissioned by a water control and
- 21 improvement district under Section 49.216, Water Code;
- 22 (15) officers commissioned by a board of trustees
- 23 under Chapter 54, Transportation Code;
- 24 (16) investigators commissioned by the Texas Medical
- 25 Board;
- 26 (17) officers commissioned by:
- 27 (A) the board of managers of the Dallas County

1 Hospital District, the Tarrant County Hospital District, the Bexar  
2 County Hospital District, or the El Paso County Hospital District  
3 under Section 281.057, Health and Safety Code;

4 (B) the board of directors of the Ector County  
5 Hospital District under Section 1024.117, Special District Local  
6 Laws Code;

7 (C) the board of directors of the Midland County  
8 Hospital District of Midland County, Texas, under Section 1061.121,  
9 Special District Local Laws Code; and

10 (D) the board of hospital managers of the Lubbock  
11 County Hospital District of Lubbock County, Texas, under Section  
12 1053.113, Special District Local Laws Code;

13 (18) county park rangers commissioned under  
14 Subchapter E, Chapter 351, Local Government Code;

15 (19) investigators employed by the Texas Racing  
16 Commission;

17 (20) officers commissioned under Chapter 554,  
18 Occupations Code;

19 (21) officers commissioned by the governing body of a  
20 metropolitan rapid transit authority under Section 451.108,  
21 Transportation Code, or by a regional transportation authority  
22 under Section 452.110, Transportation Code;

23 (22) investigators commissioned by the attorney  
24 general under Section 402.009, Government Code;

25 (23) security officers and investigators commissioned  
26 as peace officers under Chapter 466, Government Code;

27 (24) officers appointed by an appellate court under

1 Subchapter F, Chapter 53, Government Code;

2 (25) officers commissioned by the state fire marshal  
3 under Chapter 417, Government Code;

4 (26) an investigator commissioned by the commissioner  
5 of insurance under Section 701.104, Insurance Code;

6 (27) apprehension specialists and inspectors general  
7 commissioned by the Texas Juvenile Justice Department as officers  
8 under Sections 242.102 and 243.052, Human Resources Code;

9 (28) officers appointed by the inspector general of  
10 the Texas Department of Criminal Justice under Section 493.019,  
11 Government Code;

12 (29) investigators commissioned by the Texas  
13 Commission on Law Enforcement under Section 1701.160, Occupations  
14 Code;

15 (30) commission investigators commissioned by the  
16 Texas Private Security Board under Section 1702.061, Occupations  
17 Code;

18 (31) the fire marshal and any officers, inspectors, or  
19 investigators commissioned by an emergency services district under  
20 Chapter 775, Health and Safety Code;

21 (32) officers commissioned by the State Board of  
22 Dental Examiners under Section 254.013, Occupations Code, subject  
23 to the limitations imposed by that section;

24 (33) investigators commissioned by the Texas Juvenile  
25 Justice Department as officers under Section 221.011, Human  
26 Resources Code; ~~and~~

27 (34) the fire marshal and any related officers,

1 inspectors, or investigators commissioned by a county under  
2 Subchapter B, Chapter 352, Local Government Code; and

3 (35) investigators, security officers, and  
4 enforcement officers commissioned by the Texas Gaming Commission  
5 under Chapter 2201, Occupations Code.

6 SECTION 3. Subchapter F, Chapter 411, Government Code, is  
7 amended by adding Section 411.1085 to read as follows:

8 Sec. 411.1085. ACCESS TO CRIMINAL HISTORY RECORD  
9 INFORMATION: TEXAS GAMING COMMISSION. (a) The Texas Gaming  
10 Commission is entitled to obtain from the department criminal  
11 history record information maintained by the department that  
12 relates to a person who, under Subtitle E, Title 13, Occupations  
13 Code, is:

14 (1) a casino employee or an applicant for an  
15 occupational license;

16 (2) a person required to hold a license or be named in  
17 a license application under that subtitle;

18 (3) a person who manufactures or distributes casino  
19 equipment or supplies or a representative of a person who  
20 manufactures or distributes casino equipment or supplies offered to  
21 the casino;

22 (4) a person who has submitted a written bid or  
23 proposal to the commission in connection with the procurement of  
24 goods or services by the commission, if the amount of the bid or  
25 proposal exceeds \$500;

26 (5) a person who proposes to enter into or who has a  
27 contract with the commission to supply goods or services to the

1 commission;

2 (6) if a person described in Subdivisions (3) through  
3 (5) is not an individual, each individual who:

4 (A) is an officer or director of the person;

5 (B) holds more than five percent of the stock in  
6 the person;

7 (C) holds an equitable interest greater than five  
8 percent in the person;

9 (D) shares or will share in the profits, other  
10 than stock dividends, of the person;

11 (E) participates in managing the affairs of the  
12 person; or

13 (F) is an employee of the person who:

14 (i) enters or will enter a casino in this  
15 state to perform a business function; or

16 (ii) is or will be in close proximity to  
17 money from casino gaming or sports wagering;

18 (7) an employee or prospective employee, including the  
19 executive director or a prospective executive director, of the  
20 commission; or

21 (8) a person described under Subdivisions (1)-(7)  
22 whose license is renewed under that subtitle.

23 (b) Criminal history record information obtained by the  
24 Texas Gaming Commission under Subsection (a) may not be released or  
25 disclosed to any person except on court order or as provided by  
26 Subsection (c).

27 (c) The Texas Gaming Commission is not prohibited from

1 disclosing to the person who is the subject of the criminal history  
2 record information the dates and places of arrests, offenses, and  
3 dispositions contained in the criminal history record information.

4 SECTION 4. Section 2028.2041, Occupations Code, is amended  
5 to read as follows:

6 Sec. 2028.2041. ALLOCATION OF CERTAIN FUNDS. (a) In each  
7 state fiscal biennium, the comptroller shall deposit the amounts  
8 allocated under Section 151.801(c-3), Tax Code, into the escrow  
9 account established under Section 2028.204(b), until the  
10 comptroller determines the amount deposited into the account in  
11 that fiscal biennium, excluding amounts deposited to the account  
12 under Section 2202.252, equals the greater of:

13 (1) the amount appropriated to the commission for the  
14 purposes of Section 2028.204 for that fiscal biennium; or

15 (2) \$50 million.

16 (b) Once the comptroller determines the greater of the  
17 amount described by Subsection (a)(1) or (2) has been deposited  
18 during a state fiscal biennium into the escrow account established  
19 under Section 2028.204(b), excluding amounts deposited to the  
20 account under Section 2202.252, for the remainder of that fiscal  
21 biennium the comptroller shall deposit the amounts allocated under  
22 Section 151.801(c-3), Tax Code, into the general revenue fund.

23 (c) The balance of the escrow account established under  
24 Section 2028.204(b) shall not exceed \$50 million, excluding amounts  
25 deposited to the account under Section 2202.252.

26 SECTION 5. Section 47.02(c), Penal Code, is amended to read  
27 as follows:

1 (c) It is a defense to prosecution under this section that  
2 the actor reasonably believed that the conduct:

3 (1) was permitted under Chapter 2001, Occupations  
4 Code;

5 (2) was permitted under Chapter 2002, Occupations  
6 Code;

7 (3) was permitted under Chapter 2004, Occupations  
8 Code;

9 (4) consisted entirely of participation in the state  
10 lottery authorized by the State Lottery Act (Chapter 466,  
11 Government Code);

12 (5) was permitted under Subtitle A-1, Title 13,  
13 Occupations Code (Texas Racing Act); ~~or~~

14 (6) consisted entirely of participation in a drawing  
15 for the opportunity to participate in a hunting, fishing, or other  
16 recreational event conducted by the Parks and Wildlife Department;  
17 or

18 (7) consisted entirely of participation in casino  
19 gaming or sports wagering authorized under an appropriate license  
20 issued under Subtitle E, Title 13, Occupations Code.

21 SECTION 6. Section 47.03, Penal Code, is amended by adding  
22 Subsection (c) to read as follows:

23 (c) It is a defense to prosecution under this section that  
24 the actor reasonably believed that the conduct was permitted under  
25 Subtitle E, Title 13, Occupations Code.

26 SECTION 7. Section 47.04, Penal Code, is amended by adding  
27 Subsection (d) to read as follows:

1        (d) It is a defense to prosecution under this section that  
2 the actor reasonably believed that the conduct was permitted under  
3 Subtitle E, Title 13, Occupations Code.

4        SECTION 8. Section 47.05(b), Penal Code, is amended to read  
5 as follows:

6        (b) It is an exception to the application of Subsection (a)  
7 that the information communicated is intended for use in placing a  
8 lawful wager under Subtitle E, Title 13, Occupations Code, or  
9 Chapter 2027, Occupations Code, and is not communicated in  
10 violation of Section 2033.013, Occupations Code.

11        SECTION 9. Section 47.06(f), Penal Code, is amended to read  
12 as follows:

13        (f) It is a defense to prosecution under Subsection (a) or  
14 (c) that the person owned, manufactured, transferred, or possessed  
15 the gambling device, equipment, or paraphernalia for the sole  
16 purpose of shipping it:

17                (1) to a person authorized under an appropriate  
18 license issued under Subtitle E, Title 13, Occupations Code; or

19                (2) to another jurisdiction where the possession or  
20 use of the device, equipment, or paraphernalia was legal.

21        SECTION 10. Section 47.09(a), Penal Code, is amended to  
22 read as follows:

23        (a) It is a defense to prosecution under this chapter that  
24 the conduct:

25                (1) was authorized under:

26                        (A) Chapter 2001, Occupations Code;

27                        (B) Chapter 2002, Occupations Code;

- 1 (C) Chapter 2004, Occupations Code;
- 2 (D) Subtitle A-1, Title 13, Occupations Code
- 3 (Texas Racing Act); ~~or~~
- 4 (E) Chapter 280, Finance Code; or
- 5 (F) Subtitle E, Title 13, Occupations Code;
- 6 (2) consisted entirely of participation in the state
- 7 lottery authorized by Chapter 466, Government Code; or
- 8 (3) was a necessary incident to the operation of the
- 9 state lottery and was directly or indirectly authorized by:
- 10 (A) Chapter 466, Government Code;
- 11 (B) the lottery division of the Texas Lottery
- 12 Commission;
- 13 (C) the Texas Lottery Commission; or
- 14 (D) the director of the lottery division of the
- 15 Texas Lottery Commission.

16 SECTION 11. (a) Funds in the Texas casino gaming fund may

17 be appropriated only to the Texas Gaming Commission for the

18 operation of the commission and the administration of Subtitle E,

19 Title 13, Occupations Code, as added by this Act, for the biennium

20 ending August 31, 2025.

21 (b) Not later than February 1, 2024, the initial members of

22 the Texas Gaming Commission shall be appointed in accordance with

23 Chapter 2201, Occupations Code, as added by this Act. In making the

24 initial appointments, the governor shall designate one member to a

25 term expiring February 1, 2025, two members to terms expiring

26 February 1, 2027, and two members to terms expiring February 1,

27 2029.

1           SECTION 12. (a) The Texas Gaming Commission Legislative  
2 Oversight Committee is created to facilitate the creation of the  
3 Texas Gaming Commission and the assignment of powers, duties,  
4 functions, programs, and activities of the commission as provided  
5 by this Act.

6           (b) The committee is composed of seven members as follows:

7                 (1) two members of the senate, appointed by the  
8 lieutenant governor not later than December 1, 2023;

9                 (2) two members of the house of representatives,  
10 appointed by the speaker of the house of representatives not later  
11 than December 1, 2023; and

12                 (3) three members of the public, appointed by the  
13 governor not later than December 1, 2023.

14           (c) Once the members of the Texas Gaming Commission have  
15 been appointed and have selected an executive director, the  
16 executive director of the Texas Gaming Commission shall serve as an  
17 ex officio member of the committee.

18           (d) A member of the committee serves at the pleasure of the  
19 appointing official.

20           (e) The lieutenant governor and the speaker of the house of  
21 representatives shall alternate designating a presiding officer  
22 from among their respective appointments. The speaker of the house  
23 of representatives shall make the first designation.

24           (f) A member of the committee may not receive compensation  
25 for serving on the committee but is entitled to reimbursement for  
26 travel expenses incurred by the member while conducting the  
27 business of the committee as provided by the General Appropriations

1 Act.

2 (g) The committee shall:

3 (1) facilitate the assignment of powers, duties,  
4 functions, programs, and activities of the Texas Gaming Commission  
5 as provided by this Act;

6 (2) adopt an initial training program to meet the  
7 requirements of Section 2201.058, Occupations Code, as added by  
8 this Act, to train the initial appointees of the Texas Gaming  
9 Commission;

10 (3) with assistance from the Texas Gaming Commission,  
11 advise the executive director and members of the Texas Gaming  
12 Commission concerning the powers, duties, functions, programs, and  
13 activities established under this Act and the funds and obligations  
14 that are related to the powers, duties, functions, programs, or  
15 activities;

16 (4) meet at the call of the presiding officer;

17 (5) research, take public testimony, and issue reports  
18 on other appropriate issues or specific issues requested by the  
19 lieutenant governor, speaker of the house of representatives, or  
20 governor; and

21 (6) review specific recommendations for legislation  
22 proposed by the Texas Gaming Commission or the other agencies.

23 (h) The committee may request reports and other information  
24 from the Texas Gaming Commission, other state agencies, and the  
25 attorney general relating to casino gaming and sports wagering in  
26 this state and other appropriate issues.

27 (i) The committee shall use existing staff of the senate,

1 the house of representatives, and the Texas Legislative Council to  
2 assist the committee in performing its duties under this section.

3 (j) Chapter 551, Government Code, applies to the committee.

4 (k) The committee shall report to the governor, lieutenant  
5 governor, and speaker of the house of representatives not later  
6 than November 15 of each even-numbered year. The report must  
7 include:

8 (1) identification of significant issues within  
9 casino gaming and sports wagering regulation, with recommendations  
10 for action;

11 (2) an analysis of the effectiveness and efficiency of  
12 casino gaming and sports wagering regulation, with recommendations  
13 for any necessary research; and

14 (3) recommendations for legislative action.

15 SECTION 13. (a) The assignment of powers, duties,  
16 functions, programs, and activities of the Texas Gaming Commission  
17 must be accomplished in accordance with a schedule included in a  
18 work plan developed by the executive director and members of the  
19 Texas Gaming Commission and submitted to the governor and the  
20 Legislative Budget Board not later than September 1, 2024. The  
21 executive director and commission members shall provide to the  
22 governor and the Legislative Budget Board work plan status reports  
23 and updates on at least a quarterly basis following submission of  
24 the initial work plan. The work plan must be made available to the  
25 public.

26 (b) Not later than June 1, 2024, the Texas Gaming Commission  
27 shall hold a public hearing and accept public comment regarding the

1 work plan required to be developed by the executive director and  
2 members of the Texas Gaming Commission under this section.

3 (c) In developing the work plan, the executive director and  
4 members of the Texas Gaming Commission shall hold public hearings  
5 in various geographic areas in this state before submitting the  
6 plan to the governor and the Legislative Budget Board as required by  
7 this section.

8 (d) The Texas Gaming Commission shall implement the powers,  
9 duties, functions, programs, and activities assigned to the  
10 commission under this Act in accordance with a work plan designed by  
11 the commission to ensure that the implementation of gaming  
12 regulation under this Act is accomplished in a careful and  
13 deliberative manner.

14 (e) A work plan designed by the commission under this  
15 section must include the following phases:

16 (1) a planning phase, during which the commission will  
17 focus on and stabilize the organization of the agency's powers,  
18 duties, functions, programs, and activities, and which must  
19 include:

20 (A) initiation of recommendations made by the  
21 Texas Gaming Commission Legislative Oversight Committee;

22 (B) creation of interagency and intra-agency  
23 steering committees;

24 (C) development of global visions, goals, and  
25 organizational strategies; and

26 (D) development of communications and risk  
27 management plans;

1           (2) an integration phase, during which the commission  
2 will identify opportunities and problems and design customized  
3 solutions for those problems, and which must include:

4                   (A) identification of key issues related to costs  
5 or legal requirements for other commission activities;

6                   (B) planning for daily operations; and

7                   (C) validation of fiscal and program synergies;

8           (3) an optimization phase, during which the commission  
9 will complete and expand on the initial transitions, and which must  
10 include:

11                   (A) optimization of initial implementation  
12 initiatives;

13                   (B) use of enterprise teaming operations;

14                   (C) building infrastructures to support and  
15 facilitate changes in gaming regulation and oversight; and

16                   (D) identification and use of beneficial assets  
17 management and facilities approaches; and

18           (4) a transformation phase, during which the  
19 commission will continue implementing initial and additional  
20 changes in gaming regulation and oversight, and which must include  
21 implementation of changes in agency management activities.

22           SECTION 14. As soon as practicable after the effective date  
23 of this Act, the Texas Gaming Commission shall adopt the rules  
24 necessary to implement casino gaming and sports wagering in  
25 accordance with Chapter 2202, Occupations Code, as added by this  
26 Act, and in anticipation of receiving license applications not  
27 later than September 1, 2025.

1           SECTION 15. This Act takes effect on the date on which the  
2 constitutional amendment proposed by H.J.R. No. 155, 88th  
3 Legislature, Regular Session, 2023, takes effect. If that  
4 amendment is not approved by the voters, this Act has no effect.